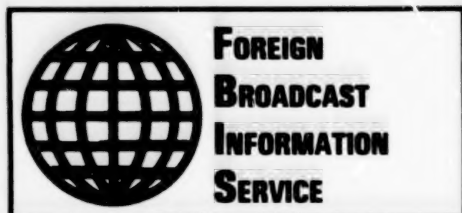


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China

China

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NATIONAL AFFAIRS, POLICY

Economist Yang Qixian on Accelerating Reform

93CE0685A Beijing JINGJI CANKAO BAO in Chinese
15 Jun 93 p 4

[Article by Yang Qixian (2799 0796 0341) of China Economic Restructure Research Society: "Seize the Opportunity To Accelerate Reform"]

[Text] Our present economy cannot be described as overheated.

Since early 1992 when Comrade Deng Xiaoping's southern-tour remark was published, China has accelerated remarkably its pace of economic development and reform. That year the GNP was up 12.8 percent, fixed asset investment more than 30 percent, and retail commodity sales 15.7 percent over the preceding year, while the people's living standard continued to improve. However, some noteworthy problems also cropped up. Chief among them were a sharp rise in the money issue and over-enthusiasm in promoting developmental zones, real estate business, and stock trade. What is the correct approach to analyzing and appraising this situation? In particular, how should we proceed with the reform under such a situation? On these questions, there are two different views: One is that our economy is already overheated. We should not only devote more efforts to curbing the overheated economic development, but also avoid going too fast in economic reform so that we will not fuel the overheating of the economy. The other view is that our economy cannot be described as overheated, though there are some signs of overheating and it is necessary to guard against overheating. What we should do is to seize the current opportunity to accelerate our pace of reform. Basically, I agree with the latter for the following reason: The 1992 double-digit increase in GNP was attributable to the relatively low GNP growth during the three previous years when our efforts had been devoted to a drive of improving the economic environment and rectifying the economic order. If all the four years are taken into account, the annual GNP growth rate averaged only a little over 7 percent, which should not be considered high. The 1992 fixed asset investment, in spite of its 30 percent increase, was mostly of a revival nature. If adjusted for price hikes, the figure was not too much above 1988, the year before the start of the economic improvement and rectification drive. The money issue was truly hefty, and the supply of funds was indeed in a strained situation. But the retail price index was only 5.4 percent; there was no galloping inflation, which would have been inevitable for an overheated economy.

To sum up, our total supply and demand are in balance. Though some capital goods are in relatively short supply, for many daily necessities demand still falls short of supply. Such being the case, despite the need to pay close attention to guarding against overheating, we cannot say that overheating is a major problem in China's economy today.

The key problem on our present economy is still low efficiency. The longstanding problem of high input and low output has not been corrected. This is reflected by the heavy losses suffered by large numbers of state-owned enterprises and the enormous waste in the use of funds.

For instance, the total loans extended in 1992 went up by some 60 billion yuan. This was a big increase. However, the misused amounts of the three kinds of funds rose by 50 billion yuan, equivalent to over 80 percent of the loan increase. That is to say, an overwhelmingly large portion of the additional loans were not used for expansion of reproduction. Furthermore, a sizable percentage of the misused funds went to enterprises either to make up for their losses or to ease the money shortage caused by overstocks of merchandise. Some funds were even lent to local governments and cadres or used to pay wages and bonuses. As a result, there was not enough cash for the year-end agricultural procurement, and in many cases IOUs were issued to farmers. Farmers, who had already complained of no improvement in income despite their better harvest, now would be even more dissatisfied with the government. To solve this problem, the government issued more currency. This led to the fact that both the growth rate and amount of last year's money issue exceeded any of the previous years since the start of the reform. Accordingly, there appeared a rise, followed by fluctuations, in the foreign exchange swap rates as well as the prices of stocks, gold, and jewelry. Seeing this, many people have expressed concern. This is quite understandable.

On the surface, the reason for the above phenomenon is that enterprises, especially state-owned enterprises, have not transformed their operational mechanisms and still adhere to the practice of enjoying profits but being irresponsible for losses. There is no improvement on their operational efficiency and returns. Also, some localities and units have failed to observe discipline in doing financial and economic work and wilfully misused bank loans and even special-purpose funds. If we probe the question in depth, however, the reason is our inadequate work in reforming the macroeconomic management system, in particular the financial system. While our microeconomic operations have been transformed to a considerable extent into a market-oriented type, our macroeconomic regulation and control systems, especially our financial system, still use the methods of the planned economy. This way, not only are we utterly unable to achieve the practical results as expected, but more often than not things are going contrary to our wishes. For instance, we have tried to use administrative measures to effectively control the total amount of currency issued, but have been constantly beset with problems of one kind or another, either a dire need for funds arising here or an imbalance between money supply and demand coming up here. To truly solve this problem, we should be determined to transform the operational mechanisms of state-owned enterprises. Apart from that, it is

imperative to further intensify the reform of our macroeconomic system, especially the financial system, and modify our government's functions based on this reform. We must give full play to the role of financial measures as a significant macro-regulation and control tool under the market economy. By doing so, we will not only be able to effectively suppress and control the overheating of our economy, but also can prompt the vast number of enterprises to transform their operational mechanisms and raise their efficiency conscientiously and seriously. This task serves two purposes which complement and promote each other. In no way should we relax in speeding up our economic reform simply for fear of overheating the economy.

Vietnam's experience of initial success in economic reform in 1992 has a great referential value and is well-worth our learning.

Generally speaking, Vietnam's economic reform prior to 1992 allowed the coexistence of two systems. It relied on administrative measures for economic, especially macroeconomic management. Yet its economic development remained quite unbalanced for a long time. The inflation rate once exceeded 600 percent, and in 1990 it was still as high as more than 60 percent. In 1992 the authorities made a resolve to launch two major in-depth macroeconomic reforms: One was to strictly separate the functions of the central and commercial banks. Under the new system, the central bank was only responsible for stabilizing the currency. It no longer provided loans to government financial departments or allowed them to overdraw against their accounts. Moreover, it discontinued all commercial banking activities. Specialized banks operated as pure enterprises. They operated independently, assumed responsibility for their own profits and losses, and no longer extended loans and provided funds to those loss-incurring enterprises with no repayment ability. In addition, the interest and exchange rates were appropriately liberalized so that they could float with the supply and demand of money and foreign exchange in the market. The other reform was making all-out efforts to streamline government organs and modify the government's economic management function. About one half of the central government organs were abolished. In the remaining organs, the number of personnel was cut by over 50 percent. Reduction of government organs and personnel was even more drastic at the local level. Meanwhile, resolute efforts were made to put the government functions on the basis of the market economy. For example, in the past the State Planning Commission's primary task had been the control of economic activities by mandatory planning. Now, it focused on studying development strategies, medium- and long-term plans, necessary policies, and measures to equalize total supply and demand. This created a favorable condition for the steady growth of the economy. In the past most construction programs and investment projects must be approved by the State Planning Commission. Now, construction projects for which competition existed no longer required the approval of the State Planning Committee and were decided entirely by the

enterprises and commercial banks concerned on the basis of the expected yields from the projects. If the project required a policy-related loan, all that the State Planning Commission had to do was to examine the project and give its comments as to whether the project should be launched or not. The final decision on extension of the loan rested with the investment bank itself. The investment bank, however, had no authority to lend money to any enterprise whose project had not been examined by the State Planning Commission. In addition, prices were basically liberalized, and most enterprises were granted autonomy in managing production and other operations. These measures did not lead to an overheated economy and induce inflation. On the contrary, the price index dropped to the region of 15 percent, and the Vietnamese currency appreciated by some 30 percent. The economy was essentially stable.

This indicates that if we have a correct goal, take the right course, and adopt appropriate measures to continue economic reform, we will not add to the overheating of our economy. On the contrary, economic reform will greatly help curb such overheating. At the present stage of reform, if we do not quickly reform the macro-management system of the planned economy according to the needs of the market economy, we will not only be unable to raise our microeconomic efficiency, but will find it very hard to maintain a balanced and stable macroeconomy. For this reason, we must properly handle and maintain the dialectical relationship between preserving the present economic stability and continuing reform. We should not only ensure the healthy development of our economy, but also seize the current opportunity to make a determination to advance our reform by leaps and bounds. Compared with Vietnam, we have a much stronger economic strength, much better groundwork, and much more favorable conditions for advancing our reform. It is quite probable that we will achieve quicker and better results than Vietnam.

Economic Commissions Discuss Market Building

93CE0619B JINGJI GONGZUO TONGXUN
[ECONOMIC WORK NEWSLETTER] in Chinese
No 9, 15 May 93 pp 24-26

[Article by Li Bing (2621 0393): "Spurring the Building and Healthy Development of China's Markets, Round-Up of Panel Discussion About Building Markets"]

[Text] Recently a "panel discussion on market building" that the State Council Commission for Economic Relations and Trade and the State Commission for Restructuring the Economic System jointly convened was held in Tianjin from 8 through 11 March 1993. Panel conferees included more than 40 comrades in charge of means of consumption and means of production markets, and from some production enterprises all over the country, some comrades from provincial and municipal economic committees (or planning and economic committees), system reform committees, finance offices,

commercial committees, industrial and commercial bureaus, and materials bureaus, as well as comrades from State Council units concerned such as the State Planning Commission, the Ministry of Commerce, the Ministry of Materials, and the People's Bank. Comrades Wang Zhongyu [3769 1813 4416], Zhang Shou [1728 1108] and He Guanghui [6320 0342 6640] attended the meeting, and Gao Shangquan [7559 1424 0356] and Yu Xiaosong [0205 2556 2646] made speeches at the beginning and the end of the meeting respectively. The main task of the meeting was to use exchanges and study as a vehicle for proposing some ideas and methods for building markets in order to do a solid job of moving forward the work of fostering and developing the building of markets.

1. Basic Framework of the Socialist Market Economy System

Most of the participants in the panel discussion felt that, broadly speaking, the building of markets included two components: One is the establishment of a socialist market economic system, and the other is the building of a market system. However, in the ordinary sense, the building of markets means the latter. The basic framework of a socialist market economic system requires "five pillars."

The first pillar is modernization of the state-owned enterprise system. This means reforming the existing state-owned enterprise system as the market economy requires, and both straightening out equity rights and transforming enterprise operating mechanisms in accordance with the principles of separation of government administration and enterprise management, and separation of ownership rights and operating rights, so that state-owned enterprises truly become independent commodity producers that make their own operating decisions, are responsible for their own profits and losses, are responsible for their own development, and are self-limiting. It also permits them to enter markets, the production and business activities of enterprises being guided by markets as a result, the focus of enterprises attention changing from government to markets, and enterprises developing themselves and surviving or perishing through market competition.

Second is the modernization of the market system through centralized deregulation, equal competition, and sound rules and regulations. This means gradually fashioning a modern market organization system founded on commodity markets in which capital markets are a key element, and in which production element markets such as labor, technology, information, and real estate are available, all products and production elements entering markets as commodities. It means gradually building a pricing mechanism in which prices are set by the market for the most part, i.e., a mechanism whereby "the state regulates and controls markets, markets decide prices, and prices decide how resources will be allocated."

Third is a flexible and effective indirect state macroeconomic regulation and control system. In this system, government control of the economy is exercised through the formulation of a long-term national economic development strategy, the formulation of an industrial policy, and the application of fiscal, currency, taxation policy, interest rate, exchange rate, tax rate, and fiscal discounting levers and associated legal methods to achieve overall national economic balance, to guide a rational pattern of productivity, to promote optimization of the economic structure, to ensure fair and equitable market competition, to regulate income distribution, and to promote sustained and steady economic development.

Fourth is the perfection of a centralized social security system. This means reforming the existing labor, wage, distribution, old age assistance, medical treatment, and housing systems in accordance with the principle of fairness and efficiency to begin to build and perfect a unified new kind of social security system. Such a system should produce social equality and ensure the organic unity of maximum pursuit of individual rights and interests and the general welfare of the people as a whole, stir the zeal of workers, and promote social stability.

Fifth is a strict, scientific, and complete economic law and regulation system and supervision system. What is needed is laws on which all socio-economic activities can rely, laws and rules and regulations being used to regulate and supervise people's conduct, market activity, and government behavior.

2. Basic Condition of China's Market System

The meeting acknowledged that a substantial amount of work has been done since reform and opening to the outside world in the building of a market system in China that has increased the role of the market in regulating commodity circulation and the operation of the entire economy. It has promoted the linking of commodity production and commodity circulation, improved readjustment of the product mix and the industrial structure, and spurred development of local economies and tertiary industries. In addition, it has also set the stage for the entry of enterprises into markets to engage in competition, and it has promoted transformation of enterprises' operating mechanisms and the attendant development of reform. In the process, it has gone through two main stages of development: One was the period from the Third Plenary Session of the 11th Party Central Committee to the mid 1980s when, as an accompaniment to the rapid development of the rural commodity economy, commodity circulation system reform, and revamping of the commodity procurement and marketing system and price policies, city and country fair markets revived and all sorts of specialized markets, wholesale markets, and trade centers emerged as new

trading methods, substantial success achieved in the flow of both agricultural and sideline products and industrial consumer goods. The second stage was after the mid-1980s when, as an accompaniment to price reform, more and more product prices were decontrolled, enterprises were able to make their own business decisions, and the pace of market building steadily quickened. Following the important remarks of Comrade Deng Xiaoping during his travels in south China during 1992, in particular, and encouraged by the spirit of the 14th Party Congress, the building of markets began to change from being mostly spontaneous to a stage of development in which they were consciously nurtured, a positive and energetic situation appearing as a result. Today, there are more than 76,000 country fair markets in the country doing 353 billion yuan worth of business each year. This is 25.2 percent of total annual commodity retail sales for society as a whole. More than 100 of more than 7,500 such fairly large scale markets do more than 100 million yuan worth of business annually. The country has approximately 3,000 wholesale markets of various kinds, and means of production markets also number more than 1,000.

Today, China's market building is only in the preliminary development stage. A relatively small number of markets are being built, and market construction varies greatly between one area and another and between one industry and another. The development of means of production markets lags noticeably; policies for supporting and encouraging market construction are not sufficiently integrated; and the position of large and medium size state-owned enterprises as market entities has not really been established. This limits the normal expression of the market function. Building of a market legal system lags seriously. In addition, inappropriate administrative meddling results in the cutting up of sectors the cutting up of regions, and industrial monopoly. Therefore, we must diligently summarize more than a decade of experience in building markets, using the perspective of historical development to look at this problem.

3. Suggestions on Improving Markets

First, governments at all level must pay close attention to commodity circulation and fostering of the building of markets, change their outlook, and apply new socialist market economy ideas to enhance the organizational leadership of this task. They must resolutely oppose the administrative meddling and the strong will of senior officials that is fairly prominent in the building of markets today. No local government or department may employ administrative orders to compel an enterprise or unit to build markets; nor may administrative means be employed to force or limit enterprises entry into markets to conduct monopoly style business. The tendency toward undue pursuit of a market rating must be resolutely halted, particularly the vying to operate so-called national class markets. In the future, except for futures markets, the building and operation of all types of

commodity markets must be handled by a local government organization that is registered in accordance with procedures by the local industrial and commercial industrial management unit. State Council units are not to examine and approve markets directly. Unless the State Council approves, all markets that State Council units and local governments examine, approve, or operate may not use the word "China" in their names. Those that are already using it must change in within a limited period of time. The limits of responsibility and authority between the central government and local governments in building markets must be rationally defined. In principle, the central government is to plan and direct the building of important commodity markets of a nationwide character. Some major regional means of production and means of consumption markets that are jointly operated across provincial and city lines, state economic units are to help organize and coordinate. The building of markets for some special commodities such as tobacco and pharmaceuticals is to be in accordance with State Council regulations. All other kinds of markets are to be mostly the responsibility of local government organizations. The emphasis in the building of markets is to be on overall planning, coordination of services, and supervision, regulation, and control, as well as the study and formulation of policies to support market development, the rights and interests of all parties coordinated. Some new methods should be studied and applied for the exercise of effective macroeconomic control and supervision in the building of important commodity markets and futures markets.

Second, the central idea in the building of markets should be both attention to using and applying useful international experiences and also making sure to proceed from the actual needs of China's economic development and commodity circulation, suiting markets to commodities, industries and regions for faster development and healthy development.

Third, greater building of market laws, emphasis going to the fostering of intermediate market organizations and self-disciplining mechanisms, improving supervision and control, and improving the degree of market standardization.

Fourth, futures market pilot projects and construction is to be in accordance with State Council centralized plans and attendant laws drawn up for strict control. The establishment of futures markets must be jointly studied by the economic units concerned in provinces, municipalities, autonomous regions, and the State Council, specific plans proposed and reported to the State Council for approval. No jurisdiction or department has authority to examine and approve the establishment of futures exchanges and brokerage companies.

Fifth, better study of market building theory and training of specialized personnel to improve the caliber of those involved.

Sixth, economic committees at all levels acting under direction of the local party and government must actively change their functions to give attention to and take firm hold of market building work.

4. Futures Market Problems

Futures markets are a high level form of market founded on futures trading markets that have sprung up in the modern commodity economy. They largely use the buying and selling of commodity contracts, hedging, and finding out prices to enable both producers and dealers to avoid or dissipate risks caused by price fluctuations. Economic development requires diversification of market forms. Single kind futures markets cannot satisfy needs for development of a modern market economy. Futures markets are a tool that we must use to develop the socialist market economy. Futures trading is needed to discover prices, to dissipate risks, to guide production and marketing, and to advance the development of production of the country's staple agricultural and sideline products, and for some means of production.

Despite the enthusiastic discussion of the futures market issue, on the issue of organizing the establishment of futures markets, the conferees felt the following should be done:

1. Draw up a nationwide uniform futures trading plan with all possible speed rather than rely on the regulations that individual exchanges set.
2. Establish with all possible speed under the State Council a centralized futures trading supervisory organ and a future's professionals self-disciplining organization.
3. Need to draw up completely sensible trading regulations, accounting standards, and a final settlement system.
4. Need to establish a fully effective money market and attendant finance and banking system.
5. Need for a unified nationwide market for each kind of futures commodity, futures trading being founded on competitive market prices.
6. Need to have a relatively fault-free communications system, a highly efficient price reporting service system, and a full transportation and storage system.

In short, the establishment of China's futures markets must accept the lessons of experience of the stock markets and securities markets. They must following the principle of "digging the ditch before releasing the water," following standardized and legal operating procedures from the very beginning instead of rushing to built futures markets before conditions are in being.

INDUSTRY

Update on Textile Industry in Major Cities Reported

Shanghai Upgrades Technology

93CE0647A Beijing ZHONGGUO FANGZHI BAO
in Chinese 21 May 93 p 1

[Article by reporters Wu Fumin (0702 1788 3046) and Liu Liang (0491 5328): "High Grade, New Technologies, Diversification, Export Oriented: Shanghai Textile Industry's 'Revival' Shows Initial Success"]

[Text] At the end of last year, the textile industry which at one time was the "pillar" of Shanghai's industry but has fallen on hard times in recent years announced its intention to make "high grade, new technologies, diversification, and export orientation" its goal to achieve a "revival." It has shown some initial success in the first quarter of this year; its realized profit was 26 percent higher than last year's for the same period; sales grew 7.4 percent, and the production-sales ratio topped 98.72 percent.

To revive the industry under the conditions of the socialist market economy does not mean doing things in grand scale; rather it requires intensive effort to catch up with international advanced standards to boost the textile industry's technological standards and product quality by several notches. With this common understanding in mind, the emphasis of Shanghai textile industrial "revival" is on increasing the force of structural adjustment and on adjusting the product-mix by sowing the seeds of advanced and new technologies as quickly as possible to produce new, technology- and capital-intensive "growth points." Last year, Shanghai's textile industry eliminated 100,000 spindles and cut 23,000 workers who were directly engaged in textile production. This year, it plans to eliminate another 100,000 spindles and 50,000 workers. It has shut down, restructured, merged, or converted eight enterprises and cut 25,800 workers. At the same time, to satisfy the need to "elevate" quality and grade, 100 key technological transformation projects have been introduced in succession. Among them, the three projects of installing the world's advanced and technically superior combers, automatic winders, and air-jet looms are the "most critical of the critical." They have been installed in Shanghai's No 1, No 2, and Central Textile Machinery companies. Raw material bases that develop fashionable textile materials, super-fine long filaments, cotton size, and special polyester fiber are under construction. The Textile Administration has also set up a "High Grade Product Evaluation Commission." It is hoped that 100 high grade products will be developed in the second quarter. In fact some products, including a 100-count, super-fine, light-weight, all-wool, patterned fabric; a shrink-resistant, wrinkle-resistant, man-made cotton imitation silk; and a mildew- and moth-resistant blanket are already being marketed.

Accelerating the change in enterprises' operating mechanisms and the development of a capital goods market for the textile industry are the precursors to the Shanghai textile industry's "revival." The Shanghai Textiles Administration is using the development of joint ventures as a shortcut to the "one-step" changing of enterprise operating mechanisms and is prepared to let half of the 500 enterprises set up joint ventures and contractual joint ventures with foreign investors, and by "grafting" foreign capital, it hopes to bring in foreign advanced technologies, equipment, and brand names to increase some old enterprises' ability to compete in the international markets. As a result of active recruitment of foreign investors, it has built a reserve of 161 projects; 22 joint ventures have been approved, so that there are now more than 130 joint ventures industry-wide. They are also actively exploring new ways to enliven enterprises and have converted some state-owned enterprises into shareholding enterprises whose shares are sold by invitation only and are not listed in the market. They are also experimenting with the capital stock cooperation system and have selected some small, no-profit and low-profit enterprises to test the leasing and individual contracting systems. At the same time, the Administration has made an all-out effort to perfect the East China Yarn and Cloth Raw Materials Exchange Market, expanded the market for fabrics and supplementary materials for exported garments, and has just completed an industry-wide yarn and cloth market and the Shanghai Textile Goods and Garment Wholesale Market, thus creating the conditions for enterprises to become market-oriented.

Setting aside the city center's "golden district" to develop the tertiary industry so that the textile industry and tertiary industry can achieve "seven-three opening up" this year is a special feature of the "revival" of Shanghai's textile industry. Under the guiding principle of "concentrating on one industry while diversifying management," the commercial services, financial, real estate, hotel, and restaurant industries have flourished. They not only provide work for the textile industry's surplus labor force but have also become profitable "growth points."

Wuhan Diversifies Industry

93CE0647B Beijing ZHONGGUO FANGZHI BAO
in Chinese 24 May 93 p 1

[Article: "Wuhan Textile Industry Organizes a 'Great Break Out'"]

[Text] Why Is the Textile Industry "Trapped?"

Wuhan's textile industry had its glory days. It was born early this century. Wuhan was one of the birthplaces of China's mechanized textile industry. Since liberation, the state has only invested 187 million yuan in loan funds in the industry, but it has handed back a total of 4.03 billion yuan in profit tax to the state. In the several decades when textile goods were scarce, it made important contributions toward meeting the people's

clothing needs. It has exported 5.748 billion yuan's worth of goods, earning large sums of foreign exchange for the state.

The textile industry has always been put under a highly centralized planned management system. From personnel to finance, materials, production, supply, and marketing, every level was under tight, planned control. As a result, the industry's production managers were concerned only with production and tended to neglect market changes. Since every detail was under planned control, enterprises were like newborn babies; they were taken good care of, but they could not weather any storm on their own, and that was very dangerous.

Today, the textile industry has said goodbye to the era of profit generated by state monopoly. Wuhan's textile industry is beginning to feel tremendous pressure. In 1992, the system had in excess of 400 million yuan tied up in finished products. The market is at war. Suddenly there is competition.

Like its counterparts around the country, Wuhan's textile industry is ideologically unprepared. Faced with the "market slump," it reacted as before and focused on enterprise management, added new styles and product types, and improved product quality. Yet for three years, the financial statements continued to show disappointing deficits.

Is there no way to break out of this "trap?"

Let Ideology Set Them Free

Wuhan's textile enterprises' equipment is outdated; their asset to net worth ratio is only 55.6 percent, 13 percentage points below the province's textile industry average and 8.7 percentage points below that of the country's 39 large and medium-sized cities. Their employed worker to retired worker ratio is 1:0.84.

Carrying this heavy burden, how can they begin to compete? As competition heats up in the international and domestic textile goods markets, they cannot escape defeat. Can they rid themselves of the burden and fight? The immature social security system is not ready to take on the enemies. In the shadow of the textile industry's "excess capacity," merely striving to improve management, product types, and quality is just "working hard to produce more stockpile." An old cadre who has been in the textile business all his life laments: "Today, we 'add resources to lose money; put in more, we lose more.' Will this cycle ever end?" The planned economic system made people complacent with their assigned "roles." Nobody worried about losses. Although the market repeatedly warned that "the textile industry must make adjustments and change," many people ignored the warnings. Why have they not shifted the human, material, and financial resources from the money-losing trades and enterprises to the profitable enterprises and optimize resource allocation? Why have so many clung to the textile industry and have not fought for a profitable "new role"?

The urgent task today is to let ideology set them free.

"Break Out": The Tertiary Industry and a New System

Without orders from their superiors, enterprises that were closest to the market were the first to liberate their thinkings and spearhead the "break out."

"The tertiary industry": Hanzheng Street's small goods market is crowded with merchants and customers; they do more than 1 billion yuan's worth of business each year. Every inch of land is priceless. Yet, on the same street, there are 11 textile mills, and because of poor production conditions, none has escaped losing money. In 1991, they lost a total of 14.13 million yuan. People call the street textile industry's "money-losing street." On this precious stretch of land, holding on to the industry can only mean losing more money. So the Wuhan Woven Belt Mill, No 2 Yarn-Dyed Fabric Mill, No 4 Yarn-Dyed Fabric Mill, Wuhan Hosiery Mill, Knitted Sportswear Factory and others have removed their machines and set up a clothing market, piece goods market, shoe and footwear market as well as food and entertainment city and so on. They have let in a glimmer of hope. Enterprises that used to visit city hall again and again "begging for handouts" suddenly manage to "feed themselves." The once hopeless No 2 Yarn-Dyed Fabric Mill has a new lease of life. Most of the 800 or so workers have bid the textile trade goodbye and have joined the market. "Break out" has turned four enterprises into profitable businesses and helped six cut their losses. Last year, the 11 enterprises reduced their previous year's losses by a total of more than 10 million yuan.

Enterprises whose future looks dim must rely on developing the tertiary industry to turn a profit. Enterprises that are profitable can depend on the tertiary industry to become bigger and better. Wuhan's Bingchuan Industrial Group Shareholding Company Ltd. and Guomian No 1 Mill set up the "Bingchuan Business City" and "Light and Industrial Goods Market" in the most prosperous sections of Hankou and Wuchang respectively. They have been very successful. The former's daily sales has surpassed 100,000 yuan. Statistics show that at the end of last year, the tertiary industry network set up by the Wuhan textile system had 5,000 outlets. They employ more than 10,000 people, accounting for 8.3 percent of the total employment.

"Changing the system": "One plant, two systems" is a measure adopted by many enterprises to help them escape from the bondages of the old operating mechanisms. In the summer of 1991, Wuhan Woolen Mill's Western Clothing Division adopted the management method of the three kinds of wholly and partially foreign-owned enterprises. Everything is judged by the labor standard. Distribution and positions are no longer "iron-clad." As a result, its "Jingshi" Western-wear which at one time was heavily overstocked is once again a hot seller in the market; that division has "grown" into the Jingshi Garment Manufacturing Company. When

the Bingchuan Industrial Group which produces Bingchuan down jackets first set up its bonded fabric plant, it adopted the operating system used in many township enterprises from the start. Its products won over the market in no time.

The No 2 Printing and Dyeing Plant has been losing money heavily in the last two to three years. The city party committee and city government made the radical decision to sell 51 percent of its controlling stocks to Hong Kong's Hangda Company. As a result, its operating mechanisms changed drastically. The grafting and transformation of this enterprise only took six months, and it has since turned over a new leaf.

Facts speak the loudest. More and more textile enterprises in Wuhan have reached the consensus that to escape the predicament, it is critical that they change the operating mechanisms. But they cannot wait for their superiors to "gift-wrap" the new mechanisms; instead, they must rely on their own efforts. The sooner they get started, the sooner they can reap the profit.

The textile industry's excess capacity will kill off some enterprises sooner or later. Rather than waiting for their own demise, the "surplus" enterprises will be better off taking the initiative to "break out." At the end of last year, Wuhan Ornamental Textile Industrial Company teamed up with Hong Kong's Yuhua Company to open the Wuhan Zhongya Plastic Goods Manufacturing Company Ltd. to produce disposable lighters which have a brisk market demand. When the first lighter came off the production line, the company's chairman of the board who had been in the textile business for more than a decade quickly picked it up and struck the first light. To him it was the light of hope for the textile company's survival and growth.

At the same time, Wuhan Textile Industry and Trade Center and Hong Kong's Tengling Company jointly opened the Wuhan Tenghuan Magnetic Card Manufacturing Company Ltd to produce PVC magnetic cards. It is the only enterprise capable of producing credit cards, magnetic strips, phone cards, and other magnetized information cards in the entire Hubei region. The city's No 2 Knitting Mill has entered into a joint venture with Taiwanese investors to produce liquid crystal display electronic pianzhenqi [0252 7201 0892]. Their products are sold overseas only. Wuhan Towel Company has teamed up with Hong Kong investors to build Hanyang region's first "Type One" automobile repair plant.

Data showed that out of Wuhan textile enterprises' 39 joint ventures that have already or will soon open for business, 13 have crossed over to other businesses, including real estate, construction materials, plastic materials, electronics, restaurant and entertainment businesses.

"Break Out": When Will the Glory Days Return?

Wuhan textile industry's "break out" has attracted the attention of many inside and outside of the industry.

Many knowledgeable people maintain that the "break out" does not mean that all textile mills should abandon the trade; instead only products and enterprises that have lost their competitive edge should give up and turn to the development of capital-intensive, technology-intensive, high standard products and enterprises.

"Breaking out" means smashing the old pattern of improper allocation of productive resources and is also an effective way to get rid of the ossified operating mechanisms. As to what would happen after the "break out," it is up to the market. Only the market can determine the optimal allocation of resources and guide these enterprises onto the road of profitability.

Enterprises' diversified management and all-encompassing development is an international trend. Conversion to a different business at an opportune time and survival of the fittest are the basic rules of market competition. Looking at Japan's Toyota Automobile Company today, few would associate it with Shanghai's Toyota Textile Mill at the beginning of the century. Toyota owes its successful metamorphosis to its willingness to venture into another even more profitable line of business after it was already earning a high profit. It takes such boldness of vision, such versatility in practical mechanism!

Wuhan's textile industry was at one time a local mainstay industry. That was determined by its actual position of strength. But socioeconomic conditions are constantly changing; the old patterns are constantly being smashed. Today, few would say that Wuhan's textile industry still dominates. But if it can truly achieve optimal allocation of resources, who knows how mighty the industry will be?

Beijing Restructures Industry

93CE0647C Beijing ZHONGGUO FANGZHI BAO
in Chinese 28 May 93 p 1

[Article by reporter Liu Bingti (0491 4426 1879): "Implement the Strategy of 'Building a Strong Mainstay Industry, Invigorating the Sideline Industry, and Enlivening Enterprises'"]

[Text] One year ago, encouraged by the gist of Comrade Deng Xiaoping's South China speech, Beijing Municipality's Textile Industrial Corporation boldly suggested going the way of "building a strong mainstay industry, invigorating the sideline industry, and enlivening enterprises" to accelerate the pace of reform, regroup, and transformation, striving to put the textile industry onto a benign cycle as soon as possible. This practical choice has become the consensus among enterprises and the masses of workers as well as a conscious move among many to push forward the readjustment of Beijing textile industry's product mix, enterprise structure, and industrial structure.

Shifting the productive capacity: Urban industries are moving to the rural areas; simple processing is turning to

township enterprises; industrial production is concentrating on one trade while diversifying operation: Within the bounds of Sanhuan Road, the original 46 industrial production enterprises have been cut down to 35 by the end of last year after merging, converting, and moving some enterprises. Fanghuang Ornaments Company, Garment Development Company, No 3 Hosiery Factory, Sportswear Factory, and other industrial production companies juggled around to come up with some spare factory spaces and empty lots to develop new industries. The Garment Development Company came up with more than 2,000 sq meters of factory space to build a small shopping mall with more than 600 stalls; it has become Beijing's "Baigou." Those in the dyeing and printing, knitting, garment, and hat and shoe industries have converted more than 1,500 sets of equipment and spread out to local and out-of-town township enterprises and are looking for partners in Russia, Romania, Hungary, Bangladesh, and other nations.

Reducing the total labor force: Last year, by optimizing the labor composition, adjusting enterprise structure, and replacing fewer or none of the natural attrition in the labor force, the industry cut its total labor force from 128,600 to 118,500 workers, a 7.85 percent reduction.

Going all-out to readjust enterprise structure: Based on the principle of minimizing shut downs, closures, and maximizing mergers and conversions, 14 enterprises have been merged and converted. This is equal to the total number of enterprises merged and converted under the "Sixth Five-Year Plan" and the "Seventh Five-Year Plan." Beijing No 3 Hosiery Factory took advantage of its location and teamed up with Zhongxin European Company Ltd. to build the Fuhua Building, exploring new ways to restructure the company and the industry.

Accelerating the pace of technological transformation: While reducing the production scope and readjusting enterprise structure, they have increased investments in the leading industries and enterprises with a competitive edge to speed up their technological transformation. In 1992, they invested 450 million yuan in new projects, and adding the projects which had started in 1991, a total of 650 million have been invested in the first two years of the "Eighth Five-Year Plan." This is equivalent to the total investment in technological transformation under the entire "Seventh Five-Year Plan." In 1992, investments in fixed assets were worth 140 million yuan in original value. They have raised a significant percentage of the technologies and equipment to the 1980s standard: 48 percent of the worsted spinning department, up from 30 percent; 48 percent of the knitting department, up from 25 percent; 36 percent pre-spun [qianfang 0467 4791] cotton textiles, up from 26 percent; 35 percent automatic winders, up from 30 percent; 70 percent of the spinning frames, up from 60 percent; 21 percent of the looms, up from 11 percent. They have promoted the readjustment of product mix and raised product quality and grade. Enterprises are gradually gaining staying power.

Using foreign capital properly: In 1992, 17 new joint ventures were set up, marking the highest number in recent years. By the end of the year, there were 42 joint ventures and contractual joint ventures, with total investments topping \$110 million, more than \$40 million of which were foreign investments from the United States. While they brought in foreign capital and technologies, the 30 joint ventures and contractual joint ventures that have already opened also paid special attention to bringing in new mechanisms and have been very successful. Last year, they generated 15.848 million yuan in profit, earning \$27.612 million in foreign exchange. Xuelian Cashmere Company Ltd., Jingao Woolen Textile Co. Ltd., and Aimu Woolen Textile Company Ltd. have generated more than 1 million yuan in profit and earned more than \$1 million in foreign exchange a year.

Speeding up the development of the tertiary industry: Beijing's textile industry has expanded into the food, housing, and transportation sectors. At the end of 1992, there were close to 400 tertiary industry outlets in the labor and service company system alone. They employ nearly 9,000 workers. Last year, their operating income came to 312 million yuan, with realized profit of 9.36 million yuan, delivering 13.73 million yuan in taxes. In addition, some large and medium-sized state-owned enterprises, such as Beijing No 3 Cotton Mill and Beijing No 2 Print and Dye Factory's capital construction section, machine repair shop, automobile fleet, day-care center, and cafeteria have gone public while serving enterprises. They have reduced enterprise burden and helped develop the tertiary industry.

Beijing Export Problems

93CE0647D Beijing ZHONGGUO FANGZHI BAO
in Chinese 24 May 93 p 1

[Article by reporter Liu Bingti: "No Export Authority, No Foreign Exchange Retention, No Foreign Exchange Sources: Some Beijing Textile Export Producers Are Facing Serious Problems"]

[Text] Recently this reporter learned from Beijing's textile system that the industry earns about \$350 million in foreign exchange a year, \$280 million of which through exports by the municipality's specialized foreign trade companies, but because they have no foreign exchange, some of the large exporters who are in urgent need of raw materials, dye, and supplementary materials cannot import them, some cannot honor their contracts to import equipments from abroad, and some are unable to repay their government loans.

In talking to some of these exporters, the reporter has learned that the main cause of these problems is that most export producers, especially the cotton textile enterprises, have no import-export management rights and no foreign exchange retention. Since the reform of the foreign exchange percentage retention system in

1991, the producers' share of foreign exchange is converted to RMB and paid out by the foreign trade enterprises in the form of compensation in the next year. The time-lag creates an exchange price differential, and enterprises often cannot obtain the same amount of regulation-price foreign exchange with the compensation they receive. For example, last year's foreign exchange compensation fund was based on 0.45 to 1 yuan per dollar, but when buying foreign exchange, the regulation rate was 2.7-3.2 yuan per dollar. Beijing No 3 Cotton Mill had more than \$2 million in foreign exchange retention each year in previous years. Today, they only get back a little more than 600,000 yuan in compensation funds, but to obtain \$2 million in foreign exchange through regulation, it would require more than 6 million yuan. The difference is too big. Currently, foreign exchange regulation is tight; even those who have the money cannot buy foreign exchange. The producers can only "sigh in despair."

Beijing's export producers urgently need \$37 million in foreign exchange today—\$13 million to import raw materials; \$20 million to import equipment; and \$4 million to repay government loans. Seven key export producers, including Beijing No 2 Cotton Mill, have signed contracts to import \$15 million's worth of equipment from abroad. They should have sent out letters of credit in March, April, and June, but because they had no foreign exchange, the letters of credit could not be sent. These enterprises will have to pay fines for breach of contract. This not only increases enterprises' burden but also hinders their technological transformation.

To solve this problem, it has been suggested that:

First, cotton textile enterprises should be given import-export management rights and should be entitled to the same treatment as foreign trade enterprises in terms of quotas and license issuances. Second, the foreign exchange retention system should be reinstated in the export producing enterprises. Third, a skewed foreign exchange regulation and use policy should be promulgated to give the export producing enterprises priority in exchange use.

ECONOMIC ZONES

Shenzhen Quells Crimes To Ensure Foreign Investment

93CE0674A Hong Kong LIEN HO PAO in Chinese
26 Jun 93 p 7

[Article: "Rectify the 'Security Office' To Ensure Foreign Investment, Hundreds of Officials in Shenzhen Sent to the Grassroots To Remove 'Bad Guys'"]

[Text] In the near future the Shenzhen City government will send hundreds of officials to Baoan District, Longgang District, and grassroots units in townships to upgrade the quality and work efficiency of government officials. In addition, it will provide training for the

offices of public security and public order, and the peace-keeping personnel to strengthen their sense of legality, remove the inappropriate "bad guys," avoid worsening of public security and affecting foreign investment in Shenzhen.

This forceful move shows that the Shenzhen City government is determined to carry on all-round rectification of inappropriate behavior by grassroots units that willfully grant land and demand fees from factories and businessmen. At the same time, an end is to be put to the despicable practices by public security and public order personnel who take advantage of their power, wilfully arrest people in factories, beat people, smash factories, and intimidate and extort the management.

A senior official of the Shenzhen City government told our reporter that the entire plan will be unfolded in July and the anticipated rectification objectives are expected to be achieved by the end of the year.

He pointed out that the quality of government officials in every district, township, town, and village is yet to be enhanced. Particularly, in dealing with affairs related to Hong Kong, Taiwan, and foreign-funded factories and businesses, there is a greater need for excellent service. "Demanding money first" should not always be practiced.

He said that officials of the Shenzhen City government and their spouses must possess two years or more of college education. However, the quality of the governmental grassroots officials in Baoan and Longgang districts is not very good, and violation of laws and disciplines may be hard to avoid.

He gave an example in which a section level chief from the state land planning bureau of the city government was sent to a district to be a high level manager so as to put an end to improper behavior by the local government to wilfully grant land.

He added that there are 700,000 odd job takers in Baoan District and Longgang District has 500,000 odd job takers. At present there is a serious shortage of police force. As a result, an "security office" was set up. However, the quality of personnel in the "security office" is not uniform. Some of them were local hoodlums and "bad guys."

In view of the issue that recently personnel of the "security office" wilfully broke into factories owned or funded by Hong Kong, Taiwan, and foreign businessmen to arrest people, Huang Yaonan [7806 5069 0589], Taiwan Office director of the Shenzhen City government, pointed out while accepting our reporter's interview that if the security office needs to go to the factories to arrest people, it must first obtain search warrants and arrest warrants from the local police station of public security. "The security office cannot stand high above the masses and do whatever it wants to."

Huang Yaonan said that senior leaders of the Shenzhen City government are very concerned about this problem. In the second half of the year the government will go all out to train the personnel of public security, public order, and the peace-keeping personnel of various factories to strengthen their sense of legality, educate to deal with issues by appropriate approaches, but not to easily and frequently resort to violence and endanger the safety of foreign businessmen and workers.

He went on to say that there has been a rapid increase in the number of factory businessmen and peasant-turned workers in Shenzhen. This has led to a serious shortage of police force. Thus, the "public security office" was set up for the time being. This organization must be standardized as soon as possible and inappropriate personnel must be removed.

To sum up the reactions of businessmen of Hong Kong and Taiwan factories, the "security office" personnel, in collusion with those staff members dismissed by the factories, returned to the factories to beat people and sabotage factories, and threatened and blackmailed factory managers. The local village committees and local police stations were helpless. A vicious force has been formed.

They feared that if these are not brought under control and rectified now, normal operation of factories will be affected. At the same time, the worsening of public security will cause foreign businessmen to be afraid of coming to Shenzhen to invest. The impact is profoundly significant.

AGRICULTURE

Commentator on Restructuring Agriculture

93CE0571A Beijing ZHONGGUO NONGCUN JINGJI [CHINA'S RURAL ECONOMY] in Chinese
No 4, 20 Apr 93 pp 10-15

[Commentator's Article: "Soberly Analyze the Situation and Cautiously Respond"]

[Text] In recent years, a number of contradictions and problems have arisen in China's agricultural development, such as difficulty in selling staples; use of IOUs; decline in prices; poor returns; the large drain on resources for agricultural development; the fact farm incomes fail to rise or even fall as output expands; the heavy burdens borne by peasants; declining interest displayed by peasants and local governments across the country for farming, especially grain production; the excessively large gap in growth rates between industry and agriculture; and so on. All of these problems plague most regions, and some are very severe. Their existence has attracted the attention of policy makers to agricultural issues, and some measures designed to support agriculture (principally grain) have already been initiated. Agricultural problems once again have emerged as a hot focus of attention. Against this backdrop, accurate

analysis of agricultural conditions seems especially important for macroscopic decision making.

I. Assessing the Supply-Demand Equation for China's Food

After rapid growth during the early 1980s and the last several years, China's supply-demand situation for food has basically improved. By the mid-1980s, urban and rural per-capita direct consumption of grain reached 250 kg, consumption of animal foods reached 25 kg, daily per-capita intake exceeded the important threshold of 2900 calories and reached 80 g and 50 g of protein and fat, respectively. This indicates that, overall, consumption exceeded subsistence by the mid-1980s, and beginning in 1986 per-capita consumption of grain began to fall. After the bumper grain harvest in 1984, difficulty in selling grain and the use of IOUs arose everywhere, indicating that grain output had exceeded market demand and that growth in grain supply had begun to be restrained by demand. For several years thereafter, grain output fluctuated. While this development was related to macroscopic policy errors, such as the downward adjustment in premiums paid for supraquotary procurement, demand restraint was an important factor. While grain production began to fluctuate in 1985 and thereafter, food consumption patterns gradually improved. During the Seventh Five-Year Plan, meat output rose by an average of 1.86 billion kg a year. The spurt in grain output after 1989, especially, pushed China's overall food supply capacity to a new level. Thereafter, difficulty in selling grain, transport problems, and resort to IOUs reappeared, even more severely than in 1984, as quality composition was out of kilter, market channels were clogged, and the like. Yet insufficient demand remained a major contributor. This indicates that China's grain supply, as compared to effective demand, has gone into slight surplus. To be sure, our per-capita supply of grain remains low by world average, and over the long term there will be resilient growth in demand for grain owing to improved incomes and population growth. Yet we cannot use either the world average or long-term demand as benchmarks for evaluating China's current grain supply-demand equation. From the perspective of market economy, the only benchmark we can use is effective market demand for grain. The many people who, confronting widespread difficulty in selling grain after 1984 and 1989, consistently refused to recognize that our grain supply has gone into surplus and who even insisted that such a situation could never occur in our country actually and unconsciously viewed the situation in non-market economy terms and failed to treat grain as a commodity. Continued resort to this approach to such farm supply issues as produce market liberalization is pernicious, as the approach may mislead peasants and decision makers and prevent them from effectively allocating resources in accordance with market demand.

In assessing China's grain supply-demand situation, we cannot evade the problem of statistical inaccuracy for supply. The State Statistical Bureau uses sample surveys to estimate yields and sample surveys of yields and data

on cultivated land area to compute total output. Both domestic and foreign scholars generally believe that China's real cultivated land area may exceed the official figure by about 20 percent. Thus, even if the approach of using sample surveys to estimate yields is correct, the problem of major underestimate of total output remains. Furthermore, meat and poultry output rose from 1.8 million tons in 1984 to 2.61 million in 1989, or 45 percent, whereas grain output was about the same for the two years. It is hard to believe that the official grain-output figures could support sufficient feed for the animal-product figures. We must as quickly as possible establish and perfect a macroscopic monitoring system for agriculture that is consistent with market economy and improve the quality of farm statistics. Inaccurate statistics make it impossible to formulate realistic policy.

There is common concern in society over whether or not China's food supply will deteriorate in the near term. We believe that during that period (the next two years or so) major problems will not occur in our grain supply. The principal bases for this belief are as follows. (1) After rapid growth in recent years, overall productive capacity for grain has reached a new level and generally stabilized at about 425 billion jin. A capacity of that magnitude basically can meet current social demand. (2) The state and peasants hold ample stocks of grain. Since 1988, year-end inventories have been sufficient to supply the needs of both production and consumption for an entire year. The state now possesses reserves equal to 205 jin per capita, enough to supply social consumption for six months, exceeding the internationally accepted safety line for grain. Surveys by the State Statistical Bureau indicate that at the end of 1990 peasants held a per-capita average of 429 kg, exceeding their productive and consumptive needs for an entire year by 49 kg. At the end of 1991 they held 405 kg, 34 kg more than needed. (3) The restructuring of agricultural output across the country over the past year or two was a response by peasants and local governments to market demand and occurred against a backdrop of weakening markets for produce; pronounced overstocking and sluggish sales, especially difficulties in selling, storing, and transferring grain; and the irrational composition of produce type and quality, which problems led directly to the situation in which farm earnings failed to rise or even fell as output grew. With the recent improvement in the supply-demand equation for grain, the aforementioned restructuring has enabled localities to exploit comparative advantage and improve economic results and thus has had a positive effect. During the course of such a restructuring, it is normal for declines to occur in grain sown area or for increases in areas sown to other crops. Under such conditions, even if grain output stabilizes, indeed falls, that should be seen as normal and not as a cause to panic so long as grain reserves are not greatly affected. Over the next year or two, agricultural restructuring will not greatly reduce effective supply of grain or food. (4) As for demand, structural contradictions will be salient over the near term. As urban and rural residents' consumption gradually exceeds subsistence, their

demand for food will shift to an emphasis on consumption of more high-quality food. But the share of quality food consumed will not increase much in the near term, as commercialization of housing, reform of the urban food subsidy and other welfare programs will serve as dampers on improvement in the quality mix for food consumption. For some time to come, the consumption pattern of both urban and rural residents will remain vegetarian. Therefore, improvement in food consumption will not exert much pressure on grain supply. To the contrary, complete decontrol of produce markets, and more importantly, imports of inexpensive, quality produce resulting from relaxation of controls on imports and exports following "GATT reentry" may exacerbate the effects of demand restraint on the growth of China's agriculture.

Of course, we cannot discount the possibility of some fluctuation in grain output. The key is how we approach and respond thereto. Grain output is greatly affected by climate, and there is the saying in Chinese history of "for every decade, there are six years of bounty, two average, and two of dearth." Once the market mechanism is fully introduced, changes in the relationship between supply and demand and in prices will make some fluctuation in grain output unavoidable. No country's grain output moves in only one direction, and ours is one of the most stable in the world. According to the UN Food and Agricultural Organization, which has computed grain output instability indices for 126 countries, China's index is four, the only country in the world below five, whereas the United States, India, and other large countries have indices of over 10, while the former Soviet Union and Canada, which have poor climates, are 20 and 28, respectively. Our long refusal to commercialize grain trading and our long experience with grain shortages have given rise to the view that "the more, the better" with respect to grain supply, and fluctuation in output more often than not makes decision makers nervous, even panicky. As China moves toward market economy, the government must remain calm when confronted with fluctuating grain output and keep its pronouncements sober, lest it foster popular expectations of shortages and make traders reluctant to sell, thereby magnifying price fluctuation.

In this respect, we must draw on the experiences in macroscopic decision making in 1985 and thereafter. Difficulties in selling grain arose everywhere following the bumper harvest of 1984, indicating that output exceeded demand. Finding grain hard to unload, peasants shifted some of their resources from grain to other crops and sectors. This should be seen as a positive response to change in market demand and consistent with economic law, and the decision to shift some grain to market trading was correct. The errors committed in macroscopic decision making occurred in two main areas. First, we should not have moved to restrain grain production purely to escape fiscal burden, such as replacing premiums for extraquotary procurement with the "inverse 3:7" arrangement. These responses accentuated grain fluctuation later. Second, we should not,

after several straight years of fluctuating output, have moved to restore the old system, such as replacing contract purchases with "procurement fixed by the state," closing grain markets, and the like.

It is wrong and unfair to blame the fluctuation in grain output in 1985 and thereafter solely on man-made factors, namely, policy errors. While there certainly was overoptimism, demand restraint on grain growth cannot be ignored. In assessing this period of history, we must acknowledge the harm done to peasant incomes, to urban food supply, and to the entire national economy by fluctuating grain output. Yet it is even more important that we recognize the tremendous contribution to improvement in peasant income and to the growth in the national economy wrought by the major restructuring of agriculture and the rapid rise in rural enterprises from 1985 on. Similarly, while stressing the positive role played by the growth in grain output since 1989 on improving urban food supply and in stimulating national economic growth, we even less can overlook the harm done to peasant income, state finance, and the national economy resulting from the forced return of large amounts of resources to grain production, the narrowing of employment opportunities for peasants, and the even more serious difficulties in selling, storing, and shipping grain. While grain output fluctuated between 1984 and 1988, peasant incomes still showed moderate growth. Since 1989, however, grain output rebounded, yet peasant incomes stagnated, and the gap between urban and rural earnings expanded again, to its highest levels since 1978. If one were to assess the effectiveness of agricultural policy during these two periods in terms of costs versus returns, one would have to rate 1984-1988 as better than 1989-1991.

We believe that what we should strive to avoid while setting macroscopic policy is major slumps in grain output. Given the fact that China's per-capita supply of grain remains low by world standards, the government cannot strive to restrain output even now, as the supply-demand equation improves. On this point, we should draw lessons from the post-1984 period. To prevent calamity, it is absolutely necessary that we adopt some protectionist measures to maintain peasant enthusiasm for grain production. After reform is completed, the 20 billion or so yuan in price subsidies employed for grain each year should not be withdrawn but shifted from consumers to producers. At this opportune moment, with the supply-demand situation improving and grain prices low, we should step up effort to establish a grain reserve and regulatory system so as to respond to the needs associated with changing consumption patterns and with moderating grain-market fluctuation. The ensured-price system recently unveiled for procurement through the former state fixed purchase system and for supply of special reserves is very timely. Yet it remains questionable as to whether this program will truly be implemented. The key to making the program work lies in setting price floors that accurately reflect supply and demand. If the floors are set too high, government

finance will not be able to support them, and the problem of "having a price but no market," which arose in 1985 and thereafter, may recur. If set too low, the floors will fail to maintain peasant enthusiasm for grain production.

International experience shows that the grain-reserve regulatory approach works to stabilize markets only in the short run and is very costly. In real life, reserves do not fall as good and bad harvests alternate but tend to mount. Over the long run, as government storage capacity reaches its limit and procurement of surplus grain stops, market prices plummet. Since China's fiscal capability is limited, the practice of maintaining produce reserves can only be done in moderation, and the quality of the reserves should be maximized. China is vast in territory, harvests among regions vary considerably, and if a national market for produce is created, adjustment of surplus and dearth among regions would provide a more effective way to stabilize markets. Furthermore, prices for some Chinese produce have approximated, even exceeded, those on international markets. Thus we should use imports to make up shortages in domestic grain supply. Our imports account for a very small share of world grain trade, two percent or so. Increasing grain imports a bit would neither endanger our food security nor overly tax international markets. To the contrary, it will help shift some agricultural resources toward use for production of crops boasting comparative advantage. Of course, adoption of this policy must be consistent with expansion of China's exports of manufactures and with balancing domestic revenue and expenditure, and we must avoid as much as possible major impact on domestic producers by inexpensive produce imports.

II. The Focus of China's Agricultural Problems

We believe that the future focus of China's agricultural problems lies in enabling, while ensuring stable expansion of aggregate farm output, the composition of produce better to meet changing demand mix; ensuring stable growth in peasant incomes; and gradually reducing income disparity between industrial and farm workers and between cities and the countryside.

The goal of agricultural policy may be summarized as being directed toward produce supply and peasant income. Past policy has always stressed supply and failed to emphasize peasant income sufficiently. This is saliently manifested in the fact that the anxiety displayed by decision makers for fluctuation in produce supply vastly outstrips that for fluctuation in peasant income. In recent years, a prominent contradiction in China's rural economic growth lies in the fact that while supply of produce has improved across the board, peasant incomes have stagnated. Per-capita farm incomes rose only 0.7 percent from 1989 to 1991 and by 5.8 percent in 1992, when adjusted for inflation. The latter, however, remains but a recovery.

In stressing supply, our agricultural policy has placed much greater emphasis on aggregate levels than on

improvement in composition. This is manifested principally by the facts that high output alone is stressed while quality is ignored and that evaluation of village work relies mainly on per-area grain yields, area devoted to high-yield crops, and aggregate output. This proclivity has produced marked imbalance between produce supply and demand structures, which problem is evidenced by the fact that while most domestic produce face sluggish sales, we have to resort to imports to satisfy demand for quality produce.

In future policy formulation, consideration of the pressure created by population growth and by income improvement on demand for produce and ensuring stable growth in farm output remain important objectives. Yet even more importantly, stress should be placed on improvement in supply composition and on raising peasant incomes.

There is a direct connection between our stress on agricultural supply, especially aggregate supply, and our tendency to ignore improvement in peasant income and the prolonged shortages we have suffered for produce. Yet an even deeper factor is the fact that our developmental strategy has long favored industry; treated agriculture as a source of inexpensive raw materials, of food for industry and cities, and of capital for the development of urban industry; and seriously ignored agricultural growth and peasant interests. Furthermore, more often than not, emphasis on produce supply is not displayed until shortages are about to hinder industrial development and affect the lives of urban residents. It is precisely such mentality that causes China's agricultural policy regularly to change as supply-demand conditions for produce fluctuate.

In formulating future policy for China's agriculture, we should continue to take into consideration the pressure population growth and improving incomes exert on produce supply, and ensuring stable growth in overall produce supply remains an important objective. Yet it is even more important that we stress improving supply composition and peasant incomes.

As for supply, structural contradictions will become salient. As subsistence is achieved, demand for food will shift toward improvement in quality, replacing the emphasis on quantity. Stress on quality is inevitable in China's future agricultural development. Improvement of peasant income is of major significance for the development of China's rural economy and of her entire national economy. In formulating agricultural policy, whether or not we can assure stable growth in peasant income will have a direct bearing on our ability to reduce the gap between city and countryside and on whether or not the national economy enters a salubrious cycle. On the one hand, prolonged stagnation and fluctuation of peasant income will directly affect peasants' ability to invest in agriculture and directly restrict agriculture's "product contribution" to economic development. According to statistics, per capita peasant expenditure for productive investment was 4.1 percent, 7.9 percent,

and 0.8 percent lower in 1989, 1990, and 1991, respectively, than in 1988. The decline was even greater for per capita medium and long-term investment in purchase of fixed capital, 22.5 percent, 35.4 percent, and 18.2 percent, respectively. This state of affairs is directly linked to stagnation of peasant incomes. On the other hand and even more importantly, prolonged stagnation and fluctuation in peasant income will directly weaken agriculture's "market contribution" to economic development, namely, agriculture's ability to provide markets for domestically produced consumer goods and means of production. In countries with proportionately large farm populations, agriculture's "market contribution" is even more important than its "product contribution" in stimulating economic growth. The current slump in our markets is primarily a weakening of rural markets. Leaving aside structural factors, the fundamental cause of the slump in the latter is slowing growth in peasant income, leading to decline in peasants' purchasing power. Of 1991s aggregate social commodity retail sales of 941.56 billion yuan, the share comprised by the countryside fell 3.2 percentage points. This alone is equivalent to a 30.1 billion yuan reduction in purchase of commodities by peasants.

In handling the relationship between industry and agriculture, we historically have stressed agriculture's "product" and "factor contributions" and not sufficiently emphasized its "market contribution." On the one hand, industrialization's overreliance on capital contributed by agriculture affected the latter sector's product contribution capability. No matter how strict a centralized procurement system enforced, China's light industrial development has never been able to overcome the havoc induced by insufficient supply of agricultural raw materials, and rationing of major produce for urban residents has been difficult to abolish. There has been too much leakage of agricultural capital, and agriculture lacks a mechanism to ensure stable growth and is always wildly turbulent, which problems also affect industrial development. Produce shortages and fluctuating growth have also made it increasingly difficult to raise capital from agriculture for industrialization. On the other hand, excessive leakage of agricultural capital and declining peasant income directly weaken rural market contribution capacity. While in traditional strategy, expansion of demand for investment within industry alleviated the market restraints faced by industrial development, further industrialization is increasingly restrained by insufficient demand on rural markets. Thus it has been impossible to establish a salubrious cycle between industry and agriculture. This situation has changed considerably since the onset of reform but has not fully been resolved. Only by making peasant income an important policy objective and by enhancing agriculture's "market contribution" can we enable agriculture actively to contribute to industrial development and foster a salubrious cycle between industry and agriculture.

III. The Fundamental Solution to China's Agricultural Problems

We believe that the fundamental solution to China's agricultural problems lies in further restructuring rural production and in accelerating development of rural market economy.

With a market mechanism operating, the fact that most of our major produce face oversupply means that a new surge in agricultural restructuring is unavoidable. The most significant difference between this restructuring and the one that occurred after the mid-1980s lies in the fact that the previous one involved a planar expansion at a low structural level, whereas this restructuring stresses improvement in qualitative composition.

Restructuring of overall rural production principally entails development of nonfarm production, which provides a fundamental solution to achieving the objective of increasing peasant income. The fundamental solution for China's agriculture lies in addressing the fact that the ratio of rural to urban population is 9:2. In other words, we must accelerate change in employment and residential composition and development of nonfarm production and urbanization. As nonfarm production advances, new opportunity for urbanization will arise. We will pay a tremendous price if we continue intransigently to insist on the model of "shifting employment locally." Actively guiding rural nonfarm production toward appropriate concentration in towns or cities has become an urgent, important, and strategic issue.

Accelerating establishment of rural market economy is the key to resolving China's agricultural problems. This objective principally involves independent actors possessing clear property rights and an effective market system. The following problems warrant attention. (1) There remains insufficient recognition of the importance of changing the ownership system. A clear structure of microscopic property rights forms the basis of effective markets. Creation of a property rights system is a deeper reform that is required for the transition to market economy. The goal of creating such a system in China's countryside is to clarify ownership, and the general trend is that it is increasingly important that farm households and enterprises become independent proprietors. (2) Direct involvement in and monopoly of markets by government agencies. Governments run markets in many localities. As we make the transition to market economy, we must prevent new government monopoly of markets. Direct involvement in market competition by governments greatly increases unpredictability. The primary responsibility of governments should be to draw up laws and systems, maintain normal exchange order, provide essential public goods, and create conditions for economic actors other than governments to enter the marketplace. The main problem in guiding peasants toward markets involves transforming government function, not lack of ability on the part of peasants. Only by transforming government functions can we facilitate development of true market actors. We must be highly

vigilant against monopoly of markets by government agencies. Otherwise, China's effort to marketize may come to naught.

As we shift toward market economy and after we establish such an economy, it is absolutely essential that the government get involved in produce markets and protect agriculture to some extent so as to promote stable growth in produce supply and achievement of the objective of improving peasant income. Yet that involvement must not become divorced from change in market demand or distort market price signals, undermining efficiency in resource allocation. Agricultural protectionism must also proceed from actual conditions in China. Relevant research findings indicate that a government's level of protection for agriculture is closely related to that country's stage of development and is also related to the lobbying ability and policy orientation of that country's farmers. Given our current level of development and fiscal capability, we will not be able to subsidize our agriculture as much as developed countries do. For the long term, liberalization of merchandise trade is inevitable, and China is about to reenter GATT. Thus even if our economy reaches a relatively high level of development and the proportion of farm population falls to a low level, giving us the wherewithal to subsidize agriculture substantially, it still will be impossible to subsidize our agriculture as much as developed countries do, for that would surely meet opposition from our trading partners.

State Council Official on Rural Market Development

93CE0579D Beijing *NONGMIN RIBAO* in Chinese
14 May 93 p 1

[Text] Wang Yuzhao [3769 6735 2507], deputy director of the State Council Development Research Center stated, at the China-Japan Conference on Agricultural Economy on 12 May, that in recent years, especially last year, the rural market economy has experienced great development, which is one of the major indicators of the excellent situation in rural areas.

Wang Yuzhao said that there are 76,000 trade markets nationwide. The volume of transaction has reached 35.3 billion yuan, equal to 25.12 percent of the total retail of social commodities. More than 100 trade markets each had a transaction volume of over 100 million yuan. Over 3,000 wholesale markets have been established. Among them, more than 10 each had a trade volume of 1 billion yuan. Markets for means of production have also developed to a substantial extent. There are now more than 1,000 such markets throughout the nation. Further, some markets are heading toward futures trade. Most cities and provinces have open grain markets. A multifaceted market structure has generally taken shape in rural areas, not only in the eastern coastal regions but throughout the country.

At the conference, professors Wada and Hiroshi Saito of Tokyo University, Japan presented their research works

"The Current State of Japan's Agriculture and Rural Economic Planning" and "Japan's Organization of Agricultural Production," respectively. Both works received much attention and interest from Chinese scholars and experts on agriculture. It was surprising to note that problems encountered in agricultural development in a highly modernized Japan should bear much similarity with a developing China in its agricultural development. These problems included population explosion especially in Tokyo, dramatic reduction of land, higher income from industrial production than farming for peasants, poor agricultural efficiency, and survival difficulties of service organizations for peasants, etc. This provided China's farm experts with new ways of thinking. It seemed that some issues were not necessarily related to systems or structures, but had to do with general laws in economic development. Presentations by scholars Wang Yuzhao and Hu Zhuangjun [5170 8369 0689], "Issues Regarding Continuing China's Rural Reform" and "China's Rural Service Organizations," respectively, also drew similar interest from the Japanese. They paid particular attention to issues about the ways China's village service is organized, and the function of these organizations.

Banks Open Special Accounts To Prevent Issuing IOUs

93CE0624A Beijing *JINGJI RIBAO* in Chinese
3 Jun 93 p 1

[Article by Chai Mao: "Four Banks Implement Special Accounts Management for Agricultural Products Buying and Selling Funds"]

[Text] The "Major Agricultural and Sideline Product Buying and Selling Fund Special Accounts Management Implementation Measure," which was jointly stipulated by the People's Bank of China, the Industrial and Commercial Bank of China, the Agricultural Bank of China, and the Bank of China, was published several days ago. It was an outstanding act of the hardwork of the finance departments to enable a good start to the agricultural and sideline products buying and selling fund.

According to the regulations stated in the newly promulgated "Implementation Measure," state-owned commercial, supplying and selling, foreign trade, and farm reclamation enterprises that are engaged in large-scale agricultural and sideline products buying and selling, such as grain, cotton, oil and sugar, tobacco, tea leaves, silkworm cocoon, live pigs, and wool, as well as the enterprises' open account banks, are the targets of special accounts management. The basic principle of the agricultural and sideline products buying and selling fund management is: To plan and list priorities; to raise money in many ways; to establish special accounts; to circulate within the system; to investigate those who violate the laws; and to punish those who cash the accounts.

To ensure the reasonable use of agricultural and sideline products buying and selling fund, and prevent the phenomenon of private use, embezzlement, and retention, the "Implementation Measure" stated that the procurement enterprises can only open an account and establish a special procurement account with one professional bank, and the latter must establish a special account with the People's Bank.

According to the rule, the agricultural and sideline products procurement fund implemented the principle "to plan and list priorities, to raise money in many ways." The scale of loans that agricultural and sideline products procurement need was listed by the People's Bank during the credit loan planning. It clearly stated the scale in accordance to the loans given out by the professional banks, and the latter must distribute the right scale of loans on time, and they must not affect the circulation of procurement funds. Procurement funds needed were raised and implemented jointly by the procurement enterprises, financial institutions, Agricultural Bank, Industrial and Commercial Banks, China Bank and the People's Bank in adherence to the principle of sharing responsibilities among different levels and departments, and it will also be implemented progressively into the special deposit accounts in the People's Bank in counties.

The agricultural and sideline products buying and selling fund separated new from old policies. Starting this year, all departments that are responsible for the procurement fund must deposit to the special accounts month by month before the procurement season begins and during the procurement period. Funds in the special accounts can only be used for paying the incurred expenses of the procurement of agricultural and sideline products that belong to this "Implementation Measure" and for paying profit tax. During the procurement period, when the procurement enterprises use the fund in the special accounts, they must be examined and approved by the credit loan department in the banks that open their accounts, and when the professional banks use the fund in the special accounts, they must be examined and approved by the fund planning department of the People's Bank of the same level.

The "Implementation Measure" stressed that there will be investigations into the causes immediately to identify the responsible parties when the followings are caught: departments that do not have sufficient funds on time as they should; the gaps in procurement fund that are caused by the underdeveloped finances in that year; finances that are interrupted to compensate for the money flow; people who privately use and embezzle procurement funds to engage in real estate, develop districts, break up the fund and lend it out with high interest, and deal with other operations. For enterprises and main bodies that are responsible for the remittance of money after selling agricultural and sideline products but are unable to pay back bank loans on time; those that are in arrears with fund payment and thus affect the return of the procurement fund caused by the inability to pay back the loans through the People's Bank and its

associated banks after the agricultural and sideline products sales; and the professional banks in each level and the People's Bank that embezzle procurement funds, strong policies will be adopted to solve the problem on time, and the responsible department's leadership and personnel will be looked into.

Zhejiang Emphasizes Chemical Fertilizer Production

93CE0579B Beijing NONGMIN RIBAO in Chinese
16 May 93 p 1

[Text] A few days ago, the Zhejiang provincial government issued the "Notice on Promoting Chemical Fertilizer Production in Small Enterprises." Since prices of coal, transportation, and electricity are going up, chemical fertilizer production costs in small enterprises have increased, enterprise losses have increased, and output has decreased. City, prefecture, and county governments shall adopt supportive measures to improve the new difficulties facing small fertilizer enterprises to ensure steady agricultural production.

The announcement requires that governments at all levels strengthen their leadership, put the production of chemical fertilizer on the agenda, and pay sufficient attention to this problem. In order not to miss the farming season, all regions must conduct serious inspection of chemical fertilizer production by small enterprises, tackle existing problems, and provide solutions to them. Enterprises already in operation are encouraged to strive for their full production capacity. Enterprises not yet in operation, except very small factories and those with excessive depreciation costs, are encouraged to start production as soon as possible.

Every region and every department concerned should ensure the necessary electricity, coal, and production funds for chemical fertilizer production. The production of synthetic ammonia within the provincial plan must get 100 percent of unified electricity allocation at continued preferential prices.

The producer price for chemical fertilizers will be set by producers themselves, and recorded by price control agencies in the county (city).

Technological transformation of small chemical fertilizer enterprises will be accelerated. This year, 10 million yuan from the provincial spending budget as interest-free loan is allocated to energy-saving projects in chemical fertilizer production. Governments of all levels must give active support to these projects. Budgetary and financial departments at all levels should provide funds to chemical fertilizer producers that develop sideline products apart from fertilizer. Tax credits will be given to producers that conform to industrial policies, and develop diversified products.

The inventory stock of chemical fertilizer in off seasons should be properly arranged. Agencies in charge of

agricultural means of production should play their major role in the warehouse storage of fertilizer in off seasons, and provision in the peak periods in coordination with producers. Financial departments must give support with loans. Chemical fertilizer produced by small enterprises will be allocated in a unified way locally by each city (prefecture) itself.

Small enterprises producing chemical fertilizer should take it upon themselves to support agriculture, transform their operational mechanisms, speed up structural adjustment, promote technological innovation, improve product quality, and cut down on cost to make greater contributions to agricultural production.

Hunan Adopts Measures To Ease Peasant Burdens

93CE0579A Beijing NONGMIN RIBAO in Chinese
16 May 93 p 1

[Article by Huang Shaohong (7806 4801 4767): "Hunan Takes Measures To Ease Peasants' Burdens, They May Reject Any Fees Unspecified by the 'Fee Card'"]

[Text] Recently, the general offices of the Hunan party committee and provincial government issued an announcement in regard to the immediate implementation of "Emergency Notice on True Reduction of Peasant Burdens" formulated by the Central Committee and the State Council. The announcement asks the prefectures, states, counties, and all offices of the provincial government to take drastic measures to cut down on peasant burdens in the shortest possible period of time.

The announcement requires that all activities in pursuit of set goals of collecting fees from the peasants be eliminated.

Levying of the following fees on peasants must be stopped. The fees include: land surveying fee; light collection fee, planning fee, sewage fee, land use fee for housing construction, social and public security fund premium, family planning chain liability fee and deposit, exercise fee, management service fee for urbanization of rural residence, and all service fees other than cost of production in issuance of marriage certificate, birth permit, document of residential registration change, temporary identification card, labor migration permit, etc.

The practice of raising funds from the peasants for various projects must be stopped and eliminated, including development zones, programs for primary and secondary education, loans from students, health facilities in townships and villages, family planning service stations, program-controlled telephone communications systems, power plant construction, and city and township construction, etc.

Peasants have to be treated as independent customers in the markets of insurance and other service industries.

Making contributions to social welfare programs and the selling of government security bonds can not be forced upon peasants.

Serious work has to be done on the processing and reassessment of documents related to peasant burdens. Documents without such procedures will not go into effect.

The management of public funds drawn from collective profits has to be reinforced. The categories and the amount of funds must be established within the range set by the decrees of the State Council and the regulations of Document No 1 of the provincial government issued in 1991. Furthermore, a system of budget and final accounting should be established and specified in the "peasant's fee card," with which the peasants pay their share. Anything beyond the card can be boycotted by township and village economic organizations and rejected by the peasants. The management, supervision, and collection of public funds from collective profits should be carried out by government agencies in charge of the matter only, following the principle of one command line and one management. It is absolutely banned to take or use the peasants' public funds to balance the budget.

Peasants are entitled to boycott, reject, and report on unreasonable fees no matter who imposes them in the future.

Agricultural Investments Reduced in Shaanxi

92CE0624B Beijing NONGMIN RIBAO in Chinese
27 May 93 p 1

[Article by Guo Bianchiang: "A Dangerous Sign - Agricultural Production Investment Reduced Sharply in Shaanxi Province"]

[Text] Editorial Department:

According to my understanding from the agriculture transfer group in Shaanxi Province, in the first quarter this year, agricultural production investment reduced drastically by 12.3 percent compared to the same period last year, among which the average family operation expense per person was about 26 yuan, a drop of 15 percent; and productive fixed assets per capita was six yuan, level with that of the same period last year. It was the first report of negative growth in peasant investment since rural reform, and it is a dangerous sign in the rural economic development process that deserves attention.

The reduction in investments had three special characteristics:

1. Among the family-operated production expenses, except for the lumber and transportation industries that showed new growth, investment in other industries dropped, among which the agricultural investment decreased by 20.7 percent, animal husbandry 6.3 percent, and industry 28.4 percent.

2. Agricultural investment experienced the greatest decrease, especially the volume of the procurement of the major production raw materials in kind had obviously dropped. In the first quarter, per capita agricultural investment was 14.5 yuan, a decrease of 3.8 yuan from the same period last year, or 20.7 percent. If inflation is considered, peasants experienced an even greater reduction in actual investment. Judging from the volume of materials in kind, the procurement volume of chemical fertilizer and farm plastics were reduced by 16 kilo and 0.75 kilo respectively, or 19 and 59 percent.

3. Investment in fixed assets was basically stable, but procurement of industrial machinery and large-scale metal and wooden agricultural equipment dropped greatly.

Why did the unusual phenomenon of drastic decrease in peasant investment throughout the province happen during the great demand of agricultural investment in the beginning of the year? According to a comrade in the peasants' group in Shaanxi Province, the first reason was that the peasants lacked cash on hand. In the first quarter of this year, the average cash income of the peasants in the province was 170 yuan per person (including the income from loans). It increased by just three yuan from the same period last year. However, the reduction of the income from loans was relatively greater, which diminished the scale of cash flow. After handling all kinds of burden, the peasants' guaranteed power to pay for living expenses and production investment weakened. They could no longer increase production investments. The second reason was that the peasant households received the message that commodity production was forbidden in the market economy, thus they were indecisive in terms of predicting the investment trend. Therefore, they lost good investment chances time after time. According to some transfer farming groups in counties: The peasants made rolling investments according to the out-dated practice that "this year the peasant households usually will grow anything that yielded a good income last year." If selling was hard last year, it will obstruct the investment from rolling. The third reason was that the comparative advantage of growing continuously decreased. The peasant households were reluctant to increase investments. The fourth reason was that the bond and stock markets strongly absorbed partial agricultural funds and the like.

Song-Liao Basin Soil Erosion Control Outlined

93CE0625A Xianyang SHUITU BAOCHI TONGBAO
[BULLETIN OF SOIL AND WATER
CONSERVATION] in Chinese No 2, Apr 93 pp 28-32

[Article by Shen Bo (3088 3134) and Yang Haijun (2799 3189 6511), Songliao Water Conservation Committee, Water Resources Administration Commission, Changchun: "Soil Erosion in the Song-Liao Basin and Ways To Prevent It"]

[Text] 1. Basic Situation in the Song-Liao Basin

The two basins of the Songhua Jiang and the Liao He are termed the Song-Liao Basin. They are located in the middle of China's northeastern region between 116 degrees 54 minutes and 132 degrees 31 minutes east longitude, and between 40 degrees 31 minutes and 51 degrees 36 minutes north latitude. They are bounded on the west by the Greater Xing'an Range watershed, on the north by the Lesser Xing'an Range watershed, to the east by the Changbai Shan watershed, and on the south by Huang Hai and Bo Hai. The Song-Liao Basin is thus ringed on three sides by mountains with one side facing the sea. The basin area totals 776,400 square kilometers, or 63 percent of the northeast region's total area of 1.241 million square kilometers.

The upper reaches of the Songhua Jiang has two branches. One is the Nen Jiang, which runs north to south, and the other is the second Songhua Jiang, which flows from south to northwest. After flowing into the Sancha He, the two branches are called the Songhua Jiang. The Songhua Jiang runs for 2,309 kilometers in a basin measuring 556,800 square kilometers. The Liao He is 1,345 kilometers long in a basin measuring 219,600 square kilometers. Erosion of the Songliao Basin totals 290,400,200 tons per year, the erosion modulus amounting to 2,884.59 tons/(km².a), and reaching as much as 10,000 t/(km².a) in some branches. However the volume of silt is highest in the Liu He, a branch of the Liao He. Observations over a period of many years at the Naodehai Reservoir show the movement of 20.58 million tons of silt annually although the catchment area is only 4,050 square kilometers. The suspended silt transportation modulus ultimately reaches 5,080 tons per square kilometer.

The Song-Liao Basin is located in the temperate zone and the cold temperate zone mainland monsoon climate area where the winter and spring seasons are dry with little rainfall, and the summer season is sweltering with many rainstorms. Average precipitation amounts to between 300 and 950 millimeters, and it is unevenly distributed in time. The eastern mountain region receives between 700 to 950 millimeters, with more than 1,000 millimeters falling in the Baitou Shan region, the main peak of the Changbai Shan. On the Sanjiang Plain, between 500 and 600 millimeters falls. The western part of the Song-Nen Plain and the western Liao He Plain areas receive only between 300 and 400 millimeters. Most of the rainfall is concentrated during July and August when more than 50 percent of annual precipitation falls. The period June through September is the high water season when more than 70 percent of the annual precipitation falls, most of it in the form of rainstorms.

Average wind velocity in the coastal region, the plains region, and in the Hulun Buir Plateau region is fairly high at between three to five meters per second. In mountain areas, it is fairly small at between two and three meters per second. The highest wind speeds occur between March and May when maximum wind velocity

may reach between 20 and 25 meters per second, and gusts may reach in excess of 40 meters per second. Because of the scant precipitation, the high winds, and the aridity, wind-blown sand plays a dynamic role in the western part of the basin. This is an area of serious wind erosion in the Song-Liao Basin.

In terms of regionality and sub-zone, ground cover in the Song-Liao Basin may be divided into the Hulun Buir Plateau large blade cogongrass plains zone; the cold temperate zone Greater Xing'an Shan Range mountain-land Xing'an larch zone; the temperate zone eastern mountain region Korean pine and broad leaf mixed

forest zone; the temperate zone Liaoning Hill and mountain region Chinese pine oak forest zone; and the temperate zone central northeast great plain meadow steppe and prairie zone.

2. Song-Liao Basin Erosion Distribution and Damage

Statistics show a 281,600 square kilometer erosion area in the Song-Liao Basin, which is 36.5 percent of the total basin area. This includes a 207,200 square kilometer water erosion area, or 73.6 percent of the eroded area; a 66,800 square kilometer wind erosion area, which is 23.7 percent of the total erosion area; and a 7,600 square kilometer freeze and thaw erosion areas, which is 2.7 percent of the total erosion area. Table 1 shows the degree and character of erosion in the Song-Liao Basin.

Table 1. Status and Character of Erosion in the Song-Liao Basin

| Region | Character of Erosion | | | | | |
|---------------|-------------------------|-------|---------------|------------------|---------------|-------------------------|
| | | Total | Light Erosion | Moderate Erosion | Heavy Erosion | Extremely Heavy Erosion |
| Songhua Jiang | Sub-total | 16.03 | 9.73 | 5.22 | 0.98 | 0.10 |
| | Water Erosion | 13.54 | 8.31 | 4.19 | 0.94 | 0.10 |
| | Wind Erosion | 1.73 | 0.66 | 1.03 | 0.04 | |
| | Freeze and Thaw Erosion | 0.76 | 0.76 | | | |
| Liao He | Sub-total | 12.13 | 5.48 | 4.11 | 1.90 | 0.64 |
| | Water Erosion | 7.18 | 3.00 | 2.17 | 0.87 | 0.26 |
| | Wind Erosion | 4.95 | 1.60 | 1.94 | 1.03 | 0.38 |
| | Total | 28.16 | 15.21 | 9.33 | 2.88 | 0.74 |

The Song-Liao Basin may be divided into five major erosion systems on the basis of similarity in reasons for the erosion, namely the medium low mountain region erosion system zone; the low mountain and hill erosion system zone; the meandering stream [3355 1557] and meandering hill [3355 1511] erosion system zone; the windblown sand erosion system zone; and the plains part wind, part water erosion zone.

The serious erosion damage has rendered infertile the soil on cultivated slopes. A Jilin Province survey shows the annual loss of 23,000 tons of nitrate, 14,000 tons of phosphate, and 163,000 tons of potash from cultivated slopes on which erosion has not been brought under control throughout the province. This is equal to the loss of more than 76 million yuan worth of chemical fertilizer each year.

Each year between six and seven millimeters of top soil is eroded from cultivated slopes. The erosion has also increased the number of gullies along the slopes, thereby gradually decreasing the cultivated land area. Statistics from 12 cities in Liaoning Province for 1949 showed 46,493.33 square kilometers of cultivated land. During the 30 year period 1950-1980, the amount of cultivated land decreased by 5,4514.67 square kilometers, an annual loss of 180 square kilometers. Between 1981 and 1985, it decreased by 2,258 square kilometers, an annual

loss of 450.33 square kilometers. The silt scoured away through cultivated land erosion has accumulated in reservoirs, streams, and ditches to shorten their life. Since liberation, Chifeng City in Inner Mongolia has built 83 large, medium, and small reservoirs, 58 of which cannot operate normally or have been scrapped because they are choked with silt. Large amounts of soil are carried into the upper reaches of the Liao He adding about 0.1 meter of silt to the riverbed each year. In August 1985, the Liao He reached flood peak four times in a row, flooding in the river's lower reaches affecting 5,033 villages in 30 counties (or districts) in a 9.5 million mu disaster area. In this disaster area, no crops were harvested from a 4.2 million mu area, 174,000 houses collapsed, and direct economic losses reached 2.468 billion yuan. On 28 July rock and mud slides in the Laofushan area of southern Liaoning Province caused economic losses of 547 million yuan. The serious erosion threatens industrial and agricultural production as well as the safety of the people's lives and property. It also damages the ecological environment, and creates a vicious cycle in the ecosystem.

3. Causes and Characteristics of Erosion in the Song-Liao Basin

Erosion usually occurs and intensifies as a result of a combination of natural and man-made reasons. However, the erosion of the Song-Liao Basin has come about

because of special natural factors including geography, topography, and plant cover, and man's unreasonable social production activities.

(1) Natural Factors

Analysis of the correlation between natural conditions and soil erosion in the Song-Liao Basin shows the following several features:

1. Topography and Landforms. The mountain and hill region is large and widespread. The mountain region area accounts for 56.3 percent of the Song-Liao Basin area. In the mountain and hill region, mountains are high and slopes steep. The mountain region lies at between 800 and 1,200 meters above sea level, the highest peak of the Changbai Shan, Baiyun Peak, rising to 2,691 meters. Slopes of between 5 and 15 degrees cover 37.61 percent of the mountain region area; slopes of between 15 and 25 degrees cover 25.40 percent of the mountain region area; and slopes of more than 25 degrees cover 11.05 percent of the mountain region area. Second is the meandering stream and hill region. Although slopes in this region are not large, they are very long, usually 100 meters or more. In the black soil region, they run for several hundred meters or more, the longest running more than 1,000 meters. Next is the windblown sand dune area where wind velocities are high. From March through May, the wind velocity reaches 20 to 24 meters per second, and gusts reach a velocity of 40 meters per second. The role of windblown sand is extremely dynamic.

2. The effective layer of surface soil is thin; thus, it erodes rapidly. Mountain soil has a soft layer 20 to 30 meters thick that is underlain with weathered rock and fragments. Although the mother material layer is fairly thick in cross section, running to between several to tens of meters, the effective soil layer is only 30 to 40 centimeters thick; thus, the danger of soil erosion is great. Because of the fairly rapid erosion, 61 percent of the total area of the Song-Liao Basin is at risk.

3. Character of Precipitation. Precipitation is spread very unevenly, the southeastern mountain region receiving between 600 and 950 millimeters, the central hill and meandering hill region, and the plains area getting between 400 and 700 millimeters, and the western plains windblown sand area receiving between 300 and 500 millimeters. The distribution of annual precipitation differs from month to month, 70 percent of it concentrated during July, August, and September, and falling with great intensity. Although the Song-Liao Basin has few rainstorms, they are very powerful. In the southeast, 25 percent of the stormy days each year have a rainfall of between 75 and 100 millimeters within a 24 hour period. Second is a high amount of evaporation, about 2,000 millimeters per year evaporating in the arid windblown southwestern region. This is more than four times the amount of rainfall there.

4. Ground Cover. The forested area is unevenly distributed, 57 percent of it in the medium low mountain zone,

40.60 percent in the low mountain and hill zone, 17.6 percent in the meandering stream and meandering hill zone, 16.4 percent in the plains zone, and 6 percent in the windblown sand zone. Second is a high cultivated land reclamation index. In the major grain producing areas, the cultivated land reclamation index ranges between 0.5 and 0.7 percent, and in some places higher than 0.7 percent.

(2) Man-made Factors

1. Felling of Forests. Since founding of the PRC, there have been three periods of substantial forest cutting in the Song-Liao Basin that have caused serious damage to the basin's trees. The forested area dropped from 300 million mu in the period immediately following founding of the PRC to 240 million mu today. At Mudanjiang City, the forest edge regressed between 20 and 30 kilometers.

2. Grasslands Destruction. Population increase, extensive cultivation, opening up of the wilds to cultivation, and overgrazing have destroyed a large amount of the grasslands, opening the way to severe wind erosion. In Baicheng Prefecture, Jilin Province, during 1980 alone, 100,000 mu began to turn into sand dunes. In Qiqihar City in Heilongjiang Province, the grassland area throughout the region decreased from 30 million mu in 1963 to 21 million mu in 1982.

3. Irrational Land Use. Destruction of forests to grow ginseng and raise silkworms, too much grazing and overgrazing, reclamation of small tracts for farming, more felling than reforestation, as well as use of land for mining, factory construction, road building and capital construction have created new erosion. Statistics from Mudanjiang in Heilongjiang Province show more than 350 locations where unplanned mining, rock quarrying, sand removal, capital construction, and various kinds of operations have damaged the land, the area of depredations covering nearly 16,000 mu.

Remedies for Erosion Control in the Song-Liao Basin

(1) Erosion Control Measures. In light of the spread of the erosion area in the Song-Liao Basin, its characteristics, and the means and methods of controlling it, and bearing in mind the process of development of the erosion and the degree of damage it has caused, as well as the investment that the government can make, erosion control in the Song-Liao Basin may be divided into three kinds:

1. Major control type areas: These include areas above the Naodehai Reservoir on the Liu He that the state has listed as key control areas, and the Laling He Basin in Liaoning Province (including the portion of it in Inner Mongolia) that is to be made a part of the state key control area; the Wuyuer River basin in Heilongjiang Province, the area along the Songhua Jiang (including the Huifa He, the Changchun Jiang section, and the Harbin Jiang section in Jilin Province). These areas are parts of the Song-Liao Basin in which erosion is

extremely serious. They pose a direct threat to the Songhua Jiang and the Liao He, and they are areas in which flood disasters originate. Active measures must be taken to bring them under control. Basins must be the basic units for complete planning that combines projects for controlling slopes and controlling gullies, the emphasis being on complete control to restore the ecological balance as quickly as possible to reduce the amount of silt in the Songhua Jiang and the Liao He.

2. Key protection type areas. These include the northwestern Greater Xing'an Range, the eastern Lesser Xing'an Range, the eastern Zhangchangcai Range, the Laoye Range, and the Changbai Shan area of the northeast, where timber resources are plentiful, making them important lumber bases in the northeast region. In these areas, the "Water and Soil Conservation Law" must be diligently enforced, the reckless felling of timber prohibited, to prevent disasters and the erosion that forestry roads cause. A systematic monitoring and protection network should be fashioned.

3. Key monitoring and protection type areas. This includes mining areas in the northeast for the production of iron and steel such as Anda, Huolin He, Liaoyuan, Fuxin, Fuxun, Benxi, Tonghua, and Jixi, all of which are important coal and iron mining areas. For this reason, these units must set up water and soil conservation agencies and staff them with personnel whose sole or concurrent function is soil conservation. Under leadership of these enterprises, they are to prevent and control erosion in development and production. Prior to beginning mining, they must prepare water and soil conservation plans.

(2) Use of an Ecological Regulation and Control System Outlook as an Erosion Control Ideology Erosion control is an extremely complex piece of systems engineering that includes various natural and social factors. Moreover, eroded areas are ecosystems that have been damaged in varying degrees. On the basis of the similarities in erosion factors and the degree of damage to the system, the Song-Liao Basin has been divided into the aforementioned five major erosion system zones, and control is to be used, as the character of each erosion system zone warrants, to revive their surface ground cover systems. This must also be done in conjunction with the development of production to enhance the economic strength of the erosion system zones.

1. The Medium Low Mountainland Erosion System Zone Control Model. The medium low mountainland erosion system zone is the important forestry base in the Song-Liao Basin. Here, the forest cover rate is between 60 and 70 percent; erosion is minor, most of it light or slight. Since this region has a low population density, it is an area in which surplus labor is fairly small. Therefore, this erosion system zone is a key protection type zone. Given the character of the erosion, the control model

employed is "planting trees and growing grass to protect the water and the soil." In economic terms, the grass may be used to protect the soil and feed livestock, and the livestock can advance the growing of grain and afforestation. At the same time, the zone can become part of the timber processing industry with the building of timber and fruit bases. Control should take the form of bringing individual small basins under complete control, the small basins functioning as basic units in the erosion system, where scientific planning, the suiting of general measures to specific circumstances, taking precautions commensurate with the calamity, and comprehensive control are practiced. This means mostly closing off mountain slopes to human intrusion on both sides of watersheds to permit forests and grass to grow. Slopes should be afforested by building flat terraced fields or pits arranged like fish scales across them. The standards to be used for the projects should be a design based on a biggest rainstorm lasting 24 hours once every 10 years, and a verification based on a 24 hour biggest rainstorm once every 20 years. At the foot of slopes, terraced fields should be built to high standards. Check dams should be built in gullies, a combination of ordinary and key projects built, forming four defense lines to fashion a complete shelter forest system facing in all directions.

2. The Low Mountain and Hill Erosion System Zone Control Model. This zone is one in which agriculture predominates, agricultural and pastoral zones interweaving for the coordinated development of agriculture, forestry, and animal husbandry. Population density is fairly high; human activity has damaged water and soil resources; and soil erosion is serious. In the yellow soil hill and gulch area, in particular, soil erosion is extremely serious. The erosion modulus reaches 6,000 to 10,000 tons/km². This is an important control area. Therefore, the above control method of "planting trees and growing grass to conserve the water and the soil" must be used. The form of control must also be to bring erosion under control in small individual basins, combining construction projects with biological measures, and soil conservation and farming methods. Construction projects means terracing of hillsides and associated hydrographic network projects to control erosion. Biological measures means planting grass and growing trees to increase ground cover in order to preserve water and soil. Farming measures means changing customary farming methods to preserve soil and water. Water conservancy projects in gullies and on slopes should be used in combination to build high yield and consistent yield fields.

3. The Meandering Stream and Meandering Hill Erosion System Zone Control Model. This zone is in the northeast black earth region. It is one of the northeast's most important grain producing areas. Because of the large cultivated area, the cultivated land reclamation index is high and the forest and grass coverage rate is low, in addition to which the slopes in the meandering hill area

are relatively long. Consequently, soil erosion in this zone is rather severe, the hillside farmland erosion modulus running between 3,000 and 5,000 tons/(km².a). This is a key control zone in which the emphasis in control should be on fields along slopes, establishing basic fields on slopes for a good job of building commodity grain production bases. The method of "developing fields having a watering system" should be used for control.

4. The Windblown Sand Erosion System Zone Control Model. This area has strong winds, aridity, and a low forest and grass cover rate. The damage caused by windblown sand is serious. This is the main wind erosion area in the Song-Liao Basin. It is a key control zone in which the "water conservancy first" control method should be used to make fullest possible use of the underground water resources in the windblown sand area. For example, phreatic water at the south edge of the Keermi sand lands lies between 0.5 and 2.0 meters below the surface. It could be available for use in the same year that it is tapped, water conservancy projects thereby playing a role in biological projects. Windblown sand can be controlled mostly through large scale growing of plant cover, building a forest network in the sandy region, i.e., a biological project. Since half of the windblown sand area is in the semi-arid zone, the success or failure of the biological project depends on soil moisture. For example, the occurrence in some places of "old dwarf trees," the low survival rate for plantings, and the premature end to growth periods all result from the moisture system. The key to building plant cover lies in large scale water conservancy construction. In the windblown sand area, water collection projects, biological projects, and mechanical projects must all be a part of economic development of control desertification.

5. The Plains Region Part Wind, Part Water Erosion System Control Pattern. This region is the Song-Liao Basin's commodity grain base. It is a densely populated region in which land is scarce relative to the population in which the "development of watered fields" should be used for control. Large scale water conservation projects to drain away flooding and remove waterlogging, and the development of sites where water is located must be done to build consistently high yield fields. In addition, farmland shelter forests and grasslands must be built on a large scale to change the agricultural production system and the ecological environment to advance the development of all industries.

(3) Future Direction of Attack To Control Erosion in the Song-Liao Basin

1. Soil and water preservation and economic development. The local peasants are the direct victims of soil erosion, which also hurts the economic development of the entire basin and improvement of the peasants' standard of living. As part of future control efforts, the customary practices in mountain and forest regions of taking grain as the key link must be changed to the promotion of forestry, fruit growing, and the livestock industry to improve the peasant's standard of living and to develop commodity production as a means of steadily continuing water and soil conservation.

2. Improvement of the professional caliber of personnel engaged in water and soil conservation. As part of erosion control, a good job must be done in the training of scientific and technical personnel to provide them the specialized knowledge needed for conservation work, constantly improving their theoretical level and their real work capabilities. In addition, more collation, analysis, and accumulation of data about water and soil conservation must be done for the building of a complete technical archives system.

3. Transformation of hillside farmland. Within the moderately low mountainland erosion system, the low mountain and hill erosion system, and the meandering stream and meandering hill erosion system, emphasis should be on changing the practice of concentrating only on the building of flat terraced fields. Many places go in for the large scale building of flat terraced fields on hillsides having a less than five degree or even three degree slope. Although this does indeed conserve soil and water, it is at a large cost in resources. Instead, flat terraced fields, sloped terraced fields, or gepo [7133 0980] terraced fields.

4. Increase the understanding of the peasant masses about soil and water conservation. The "Water and Soil Conservation Law" should be further publicized to increase people's understanding of water and soil conservation, especially prevention. Peasants should be made to realize that soil and water conservation is the key to their own escape from poverty to become wealthy, and that it is not just a task that higher level authority has handed them to complete. Only by increasing understanding and changing ideas can water and soil conservation become a conscious act of the peasant masses.

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Obsolete Criminal Law System Criticized

93CM0364B Xian FALU KEXUE [LAW SCIENCE]
in Chinese No 49, 10 May 93 pp 22-25

[Article by Zhou Baisen and Wan Yaming: "Socialist Market Economy and the Direction of China's Criminal Law System"]

[Excerpt] [passage omitted] From an overall perspective, China's existing criminal law system is obviously no longer appropriate to the actual situation under the condition of commodity economy and the system of market economy, because of the limitations resulting from the fact that the planned economic system was in existence when the criminal law system was formed. The prominent problems in this regard are contradictions in principles, differences in direction, operational difficulties, and the impotence resulting from the lack of necessary provisions. Contradictions in principles refer to the situation where because of different understanding of crime, some conduct which criminal laws still consider criminal should not only not be considered criminal, but also be given protection and promoted under the new social situation. For instance, stock trading was considered speculation in the past, but is now an effective way to transform enterprises' operating mechanisms and to enliven the economy. Differences in direction concern the focus of criminal laws. That is, the criminal code is focused on the past, mainly serving to maintain class dictatorship. But the actual situation now asks us to have our eyes on the future, to concentrate our energy on reform and opening to the outside world, to be market-oriented, and to enter the world arena, so as to achieve progress in economic construction. The so-called operational difficulties refer to the difficulties of varying degrees—in applying the laws in specific cases—caused by the crude legislative techniques and by the nonstandardized and unscientific ways in which the provisions are written. Impotence resulting from the lack of necessary provisions refer to the situation where there is no way of handling some newly emerging criminal conduct because of the incompleteness of the Criminal Law. In view of all this, the Standing Committee of the National People's Congress has had to promulgate some supplementary rules to make up for deficiencies. It can be said that the series of supplementary rules promulgated after the promulgation of the Criminal Law have to some extent complemented the criminal code. But from an overall perspective, those rules have not fully made up for the deficiencies, and many new contradictions have thus been created; for instance, inconsistencies in the provisions of the laws, and the conflicts between the special-subject laws and general laws and between new laws and old laws. For example, according to the provisions of the criminal code, only natural persons can commit crimes; but, according to the provisions of some decisions, legal persons can also commit crimes. According to the provisions of the criminal code, China's criminal law is not retroactive, and the principles of applying the old laws and laws entailing lighter punishments should be followed. But some decisions provide

for retroactivity. This not only damages the seriousness and integrity of China's criminal law system, but reflects the confusions in legislative thinking.

Punishments are not applied in a way appropriate to the actual situation in some respects. Prominently in this regard, we have blind faith in the deterring effect of punishment, resulting in a situation where the punishments required by the law or actually applied are too heavy. Evidence in this regard has been that since the start of the "crime-fighting campaign," increasingly heavy punishments have been applied in China. But the actual situation has been the exact opposite of what has been desired, for crimes are still on the rise. This has doubtless declared the failure of the heavy punishment policy. The application of heavy punishment not only is unable to meet the requirements of a market economy in regard to criminal punishment, but also contracts sharply with the trend toward light punishment in the international community, thereby damaging China's reputation in terms of civilized criminal justice practices and applying punishment in a humane manner. [passage omitted]

Legal Protection of Right to Privacy Advocated

93CM0363A Beijing FAZHI RIBAO in Chinese
27 May 93 p 3

[Article by Zhang Guo (1728 0948): "Legal Protection of the Right to Privacy"]

[Excerpt] [passage omitted] I recently interviewed Comrade Zhang Ximing, a young student at the News Research Institute of the Chinese Academy of Social Sciences.

[Correspondent] How do you view citizens' privacy and the right to privacy?

[Zhang Ximing] In traditional Chinese culture, it is difficult to find any place in which "privacy" is a positive thing. This is because, for a long time people have equated it with having something to hide. Something to hide means anything having to do with improper sexual behavior like raping, defiling, or behaving indecently toward women, or some other immoral thing that is seamy and sordid. In real life, privacy is equated with having something to hide and is "exposed." Even when they know very well that something is a legitimate private matter, people pry and lose no time publicizing it, very rarely feeling any pangs of conscience about it, and also very rarely suffering rebuke. This is considered natural and normal in human relationships. Thus, whether at home, in school, or in the work place, there are few private matters. For example, a child's diary or letters are not likely to escape parental "scrutiny." When a doctor cites a case, he names the patient who received the treatment even if the patient is afflicted with something embarrassing to mention. When a superior commends a subordinate, all family matters great and small are enumerated, and when a superior criticizes or punishes an errant comrade, he starts with the person's

ancestor three generations back, revealing every scandalous thing they ever did. Old women in residents committees go from door to door "inspecting health" almost every other day as though in an uninhabited place; and service personnel in inns pull middle of the night "surprise inspections" of rooms occupied by man and wife, etc. This is so ordinary that people think nothing of it.

During the past two or three years, people who are fed up with the lack of "privacy" have finally wised up. They have begun to take another look at the "privacy" and the "right to privacy" that they have forgotten for too long. The first advances have been made in this regard, namely a thorough overhaul that, in theory, has basically corrected the misconstruing of "privacy" as having something to hide. As for a definition of "privacy," I believe, it may be summarized as follows: Privacy applies to matters about a citizen's private person or daily life that he does not want made open. It includes: (1) the state of a person's health, physiological defects, and handicaps; (2) matters pertaining to love, marriage, and family life; and (3) private diaries, letters, and recordings.

[Correspondent] Can you talk about legal impediments to privacy rights in China?

[Zhang Ximing] All right. The concept of privacy rights was raised in China during the 1980s, and it has been recognized and has begun to receive legal protection during the past two or three years. So far, none of China's law's explicitly contain "privacy rights" provisions. The "Civil Code" is the main law that regulates citizens personal rights and interests in China, but it contains no provisions about privacy rights. This means the protection of privacy rights has no real basis in law. One might say that civil law is an area of Chinese law that has been ignored for a long time, the readjustment of personal relationships has long been a fairly weak link in civil law, and provisions and protection of privacy rights is the weakest part of this weak link.

As was said above, conduct that violates citizens' privacy frequently occurs in China. How are the increasingly numerous disputes that arise from this to be legally handled? It is only from urgent practical necessity that Article 140 of the "Supreme People's Court (Trial) Regulations Pertaining to Views About Various Problems in the Enforcement of 'PRC Civil Code'" (hereinafter abbreviated to Views) was added. It may be considered as raising the protection of privacy rights to the level of the law. It reads: "Publicizing other people's private affairs in writing or by word of mouth that causes damage must be deemed conduct infringing citizens' reputation." This is the entire legal basis for protection of privacy rights in China today. Although this is a after the fact supplement to the law in the form of a "view," and although its terming infringement of privacy rights an infringement of reputation is not strict enough, and is not entirely fitting; nevertheless, the regarding of privacy

as a right has found its own place in Chinese law, and this is wonderful social progress after all.

[Correspondent] It appears that the legal guarantee of privacy rights is an entirely new topic in China. In today's circumstances, how do you think the citizens right to privacy should be guaranteed?

[Zhang Ximing] The principle of guaranteeing protection according to law must be completely carried out with regard to the citizen's right to privacy. This is a general principle pertaining to citizens' rights under a modern legal system. Recognition of a right supposes attendant legal protection of it. Since the right to privacy has long been ignored in Chinese society, emphasizing this principle today is of crucial importance. Although the "right to privacy" has not been explicitly regularized and recognized in law, it is afforded a certain degree of protection. The clauses and articles of existing Chinese laws that may be interpreted as supporting the right to privacy are listed as follows: Article 38 of the Constitution provides that "the personal character of citizens of the PRC is to be respected and is not to be infringed...." Article 39 provides that "...the home of a citizen is not to be infringed..." Article 40 provides that "...the freedom of citizens to communicate and the secrecy of communications are protected by the law." Article 101 of the Civil Code provides that the "personal character of citizens is dignified and protected by law..." Article 120 of the Civil Litigation Code provides that "cases involving personal privacy may not be tried openly." Article 140 of the "Views" provides that "publicizing of the private affairs of others either in writing or by word of mouth that causes damage should be regarded as conduct infringing citizens' reputation." [passage omitted]

Writers' Different Response to Business Craze

93CM0373A Beijing GUANGMING RIBAO in Chinese
17, 19 Jun 93

[Article by Xiao Haiying: "Business Craze Disrupts the Literati's Dreams"]

[17 Jun 93 p 2]

[Text] The tides of socialist market economy are making great noise! The aloof and quiet atmosphere of studies, an atmosphere that the Chinese literati have sought to create and maintain for thousands of years has been destroyed. Today's Chinese writers are faced with unprecedented challenges. What are they thinking?

Go Into "Business" or Not

"Going into business" has become a great scene in today's social life in China. This represents the opportunity and choice presented by history to every person. But as writers occupy a special position in the sphere of ideology and play an important role in people's spiritual life, their "change of direction" becomes an unusually sensitive and complex issue. In addition, as writers are

well known to the public, and as there is a large amount of media coverage, "writers going into business" has become the "hot point" in the "fever of going into business." Although few writers have actually "gone into business" than we have imagined, their actions have sent strong psychological shock waves across the literary world. In analyzing this issue, Zhang Qi, member of the secretariat of the Chinese Writers Association (CWA) and a writer, said: "It is not proper to view all cases of writers going into business as the same; at least, distinction should be made between those going into business for public purposes and those going into business for private purposes." Zhang Xianliang, president of the Ningxia Federation of Literary and Art Circles, has "gone into business" and opened a company to increase the federation's financial resources. On this instance, Lu Wenfu, vice president of the CWA and a writer, had the following comment: This was in the category of "enhancing the economic support for the cause of literature." Malaqinfu, deputy secretary of the CPC group at the CWA and executive member of the CWA secretariat, also held: "It stretches the point too much to regard the doing of such work that a leader is required to do also as going into business."

On the other hand, among those "going into business for private purposes," a few have done so because they felt that their literary talent and creativity would not continue to be there for long or that going into business was more in line with the goals they wanted to pursue in life. In a society based on market economy, the making of such choice and such a phenomenon of going in different directions are inevitable. When this reporter interviewed the writer Wang Meng, he said frankly: "Those engaged in literary creation are in a highly competitive profession that also entails a high rate of elimination. It is necessary to establish a system under which people both enter and exit the profession. Those who are no longer interested and those who do not have the ability should change their profession in a dignified way as soon as possible; to look for another profession is better than being there just to make up the number." While professional writers are exerting their effort in business activities, relying on their capabilities and experience, the number of reserve literary workers in China is decreasing in a significant way—the sorrowful sound of the rupturing of amateur writers' literary dreams can be clearly heard. Liang Xiaosheng, a writer, has recently found that literature lovers who were around him previously have all disappeared, and found out—only after much inquiry—that they have all "gone into business," having started to operate various small businesses. In view of such a situation, the writer can say in a somewhat self-deriding way: "Now there is less pressure on me!" But would there also be "less pressure" on Chinese literature because of that?

The proposition that "it is necessary to do well in both spheres" represents the general mentality of those writers who have "gone into business." Their plan is, first, to do well in business, and then to engage in literary

creation in a leisurely manner; in this way they can also experience real life and collect more materials while engaging in business. While "playing with tides" in Hainan, Han Shaogong produced several good works, arousing strong reactions. But can every writer be so fortunate? We often see media reports of our literary idols—one after another—going away, riding the waves; but there is no way of knowing how many people are really happy and how many people are unhappy in the "sea" of business. Xia Yan, a writer of an older generation, said: "After several decades of separation from commodity economy, writers have forgot a common sense notion: that there are risks when one is on the sea. To engage in business activity and to engage in literary creation are to be in two totally different professions. The writers who have gone into business, do you really have the relevant abilities?" Facts have testified to this point: that while beautiful things are desired, the sea is merciless!

Although the tides of business activity are making increasingly loud noise, the majority of writers have adopted an attitude similar to Wang Zengqi's attitude of "being indifferent." "Decisions on this matter should be made on the basis of considerations of one's own conditions, and there should be no joining the crowd. If one does not have the ability for business, one should not be swayed by outside influence." Jia Aoping who is conversant with Buddhism was very calm. But Wang Yuanhua exclaimed: "There should be a normal division of labor in any society, and it is irrational for everyone to go into business. What China lacks are not businessmen but writers. Japan has a population equalling 20 percent of China's population, but has three times as many writers as China does." Chen Guokai, a writer, used figures to illustrate his point. If writers all adopt such an approach to making a living, then what hope is there for the cause of culture in China? Feng Jicai, vice president of the China Federation of Literary and Art Circles and a writer, could not help being agitated: "In those years, if Cao Xueqin had chosen to run a restaurant, and if Lu Xun had become a street vendor, what great spiritual losses our nation would have suffered—from today's perspective!"

Zheng Bonong, chief editor of WENYI BAO and a commentator, said: "Writers should enter the sea of life, but not the sea of economy and trade. It is not proper to interpret the relations between literature and economics from the perspective of vulgar sociology. To have literature serve the economy does not mean that one should go directly into business, but means that one should provide people with spiritual motive force and intellectual support." Ge Luo, member of the CWA secretariat and a writer, argued: "Each writer has the right to determine whether to go into business or not. But it is necessary not to advocate going into business; even less does such going into business represent the direction of reform in the literary sphere."

Are the Literati Losing Respect?

Today's writers are also seriously worried about another issue. This is so because they are losing something they have never lost—respect from the public. They no longer have the ability to arouse the public. Today's trend is "to follow money and invoices." Neither rallying calls based on reflections on history nor moving words can any longer produce "hit effect." The shifting of the public's focus of attention reflects the change in the writers' existential environment against the backdrop of market economy. As economic construction is made the center of work, as reader taste has diversified, as the public's cultural consumption mode has been diversified, and as there are diversified approaches to creative work, writers' influence on the direction of cultural development in society has been weakened. The time when one can get media's acclaim and society's favor just because of one work has passed. The "loss of weight" does not mean that writers are becoming less respected, but represents an adjustment of the position and role of writers who occupied inappropriate positions and roles in the old social environment because of special historical factors. Such loss is conducive to eliminating the arrogance and aloofness that men of letters of the traditional type tended to have, so that writers can get rid of those bad tendencies—"being like a sordid merchant, like an underworld figure, like a bureaucrat, and not practical"—as described by the scholar Jiang Hesen, and establish market awareness, the sense of competition, and the notion of fine products.

Carrying out self-examination is better than making too much demand on readers. Currently, our literary creation is still characterized by the phenomenon of having too few very good products and "too many middle-grade products" (the phrase used by Jiang Zilong, president of the Writers Association of Tianjin and a writer). "Serious literature and popular literature—which were once clearly separated and on which there was a clear view as to which was better—are getting merged and starting to have equal status. Thus, it is unavoidable that the quality of the relevant literary works will be lower. Reportage literature is often written in a hurry to meet the requirements of publishers of books, newspapers, and periodicals." (Words of Lei Da, a literary commentator.) "The number of people writing poems is large, and those writing poems are people of all types. Authors' cultural quality is too low. Authors lack minimum preparations. Few works reflect the mainstream of the times and encourage people to pursue noble goals. Many works express feelings based on narrow-mindedness and gloomy sentiments, creating a fence separating themselves from the readers." (Words of Li Ying, an old poet.) "The disease of holding old views and using old techniques that has beset nationality literature has not been cured despite the long treatment effort." (Words of Jin Zhe, a writer of nationality literature.) "Children's literature is characterized by a tendency toward becoming similar to adult literature," said Shu Peide, a

commentator. "Works of fiction are not based on adequate study of life. Works characterized by the aristocratic tendency and the labelling tendency can be seen from time to time." (Words of Huo Da, a female writer.) "Both the profound changes in the situation of the world and the rapid development of the Chinese economy have failed to be reflected in literary creation in a lively, comprehensive manner." (Words of Xia Yan.)

On the other hand, commercial literature appears to be in a dominant position. In a figurative manner, Jiang Zilong described this in the following way: "Writing is like a business, and works of creation are all goods for sale. Literature has lost its moral power, and has become low-quality, cheap coupons used to buy things. Literature no longer needs understanding between souls, but is conducting a dialogue with money." If literature would really satisfy the desires of money in the way a servant girl would serve the master, then China would no longer have true literature. For, "true art is always noncommercial in nature. Forcing the best of human civilization to meet the requirements of some laws of market value can only make both science and literature become like sordid merchants, and all hope for progress would be lost." (Words of Qian Zhongshu, a scholar.) "Without knowledge and culture, is it possible to achieve economic growth?" (Words of Ba Jin, president of the CWA and a writer.) What direction in which creative work should proceed and how to improve the quality of works of creation is an urgent issue presented by the readers and the times to writers.

Although literature has lost some of the attention and hit effect, "with the upgrading of life and improvement in moral standards, the works based on in-depth study of the soul and serious thinking about life will ultimately win acceptance from the people and be read by the future generations." (Words of Chen Jiangong, a writer.) Sun Li, a senior writer who has seen all kinds of changes, held on to his long-held firm conviction: "Our cause of literature has been developed through a countless number of martyrs' struggle over a long time—the struggle which even resulted in the loss of their lives. It is still vibrant and very hopeful. The choices made by the enlightened readers at large will ultimately determine the direction of literary creation. In the final analysis, what they want to read will be the works that can lead them to a civilized, moral spiritual realm."

[19 Jun 93 p 2]

[Text] Should "Weaning" Be Carried Out

China is one of a very small number of countries where there is a system under which writers receive salaries. Huo Da expressed her full approval of this system: "This is a manifestation of the superiority of socialism. Writers are responsible for fulfilling the task of constructing spiritual civilization, and are fully justified in receiving salaries." Zhang Qi's thinking was more all-sided: "To wean all writers now would be very unfair to the old writers whose golden years of creative work have passed."

The West has also failed to do a good job of resolving the issue of remuneration of writers. We have accumulated some experience in this area, and should not lightly throw it away." Li Guowen, a writer, was straightforward: "It is proper to support writers, but it is necessary not to support so many literature and art officials. If an ox is driven by a dozen people, whom should it obey? Writers can exercise self-discipline. In regard to the management of literary and artistic activities, on the one hand, many people are idling along, and management is conducted in a disorderly way; on the other hand, the restrictions are too stringent, and management is too rigid. It is necessary to create a situation in which the state will be the main sponsor of culture, with all sectors of society joining the effort to promote culture." (Words of Zheng Bonong.) "Practice over the several decades has proven that the system under which writers are supported by the state has been a failure. After becoming professional writers, many people are busy being celebrities, and become divorced from life, resulting in the decline in the quality of their creative work. The reform of the system will inevitably lead to the termination of the practice of paying salaries. Writers should be self-employed." (Words of Ge Luo.) However, in view of the current levels of authors' remuneration, writers cannot support themselves with such remuneration. It feels like listening to a story of the Tianbao period when hearing that "in the 1950s and 1960s, one could have a very comfortable life by publishing three short stories a year" (words of Shu Peide). That Du Pengcheng could use tens of thousands of yuan—part of the royalty on his book *Defending Yanan*—for paying party membership fees sounds even more like a *Arabian Nights* story. To make the levels of royalty and authors' remuneration appropriate to the current level of consumption is an important precondition for stopping paying salaries to writers. "It is proper for the state not to support writers, but it is necessary to support literary works. It is necessary to establish a system of subsidies and loans for those engaged in creative work, so as to ensure that serious and massive literary works can be completed successfully." (Words of Yan Wenjing, a writer.) "Adopt a slightly tilting cultural economic policy, so as to use the revenues from taxes on commercial cultural activities to support the development of serious literature." (Words of Yang Zimin, chief editor of SHI KAN and a writer.) "Increase the funds allocated to literary organizations. Presently the Writers Association of Beijing has 800 members, but has only over 30,000 yuan for one year's expenditures, resulting in a situation where people can neither eat nor carry out work. Investment in a film or a television play can easily amount to 1 or 2 million yuan, but 10,000 yuan is enough to save a good book." (Words of Zhao Danian, a writer.) According to the State Information and Publication Administration, nationwide, over 1,000 literature-related lawsuits have been filed; courts have decided to hear over 300 of those cases. To provide effective protection for writers' freedom of creation and to reduce the worries that writers have when creating literary works, it is necessary to formulate relevant special laws as soon as possible, so that literary creation

can be carried out in a process governed—in a way appropriate to the inner laws of literature—by the law. Jin Zhe expressed the view that the key problem now was that "the structural reform of the literature sector has not completely started yet." Zhang Qi suggested: "The authorities should organize a seminar to be attended by people from the various agencies and organizations, with different views, and of various types to consider the issue of what policy should be adopted, thereby putting the issue of reforming the literature system on the agenda as soon as possible!"

Stubbornly Defending the Pure Land of Literature

Some theorists have proclaimed: By the end of the century, the word "literature" will have lost its meaning.

This noise has aroused all-out resistance from many writers. Whether out of deep love for literature or a sense of responsibility for that cause, they do not want to see the withering of literature in today's cultural world or the weakening of literature's power to attract readers. The words of Liang Xiaosheng, a young writer, reflected their thinking in a focused way: "Those engaged in literary creation can be put into the following categories; men and women writing literature; male writers and female writers; and those who regard literature as part of their lives. Those in the first two categories will leave literature for various reasons. But those in the last category will always be literature's mainstay and hope!" To resist the encroachment upon the garden of literature and to promote the continued development of literature, they are making new exploration with regard to literary theory, literary techniques, the direction of creation, the composition of readers, and reading psychology.

Deng Youmei, member of the CWA secretariat and a writer, suggested "nine criteria" for judging whether works of fiction are good: based on artistic inspirations and true feelings; based on hard work, and refined; not arrogant; not too far removed from real life; with something new; smooth in language; able to manifest conscience and good intentions, and to lead people to a good spiritual realm; able to produce good effects, and interesting; and truly new, unusual, and extraordinary in style while not pretentious. Meanwhile, Shi Tiesheng, a writer, was of the view that "it is proper to adopt a two-pronged approach, writing both works with commercial value and works expressing existential sentiments." Ke Yunlu, who likes to study philosophy through studying the various subjects, argued: "If a writer's creative theory and aesthetic standards are in accord with the long-range direction of artistic development, then he really does not have to adjust to short-term turbulence in society by satisfying popular taste. This will be a sign that the writer concerned is one of great stature. Of course, a period of social transition is prone to see entirely new, leap-based artistic styles and new schools. This is very heartening and important."

Xiao Fuxing, a writer, analyzed the composition of readers in the following way: "Currently a majority of

readers are satisfied with consuming one-time, fast-food-like literary works." Liang Xiaosheng also held: "This demands that works created by writers are aimed at specific targets. It is too naive to want both professors and workers to love your book intensely in the same way." Chen Zufen, a reportage writer, said that the relations between writers and readers should be characterized not by suiting the other's taste, but by common sentiments. Malaqinfu argued: "Relations are characterized by conquering, that is, using literary works to move their heart and soul and to arouse their emotion."

"Today, people are experiencing growing pressure in life. The resultant boredom, loneliness, and confusion are all the more in need of being alleviated and treated by literature. People are all continuously facing new competition and challenges, and thus would also like to get true and practical information about and answers to questions of life." Xiao Fuxing had an insightful view on readers' psychology. "The time when writers alone would create fictional stories is now gone, and the time when readers participate in the creation of works of fiction has come." Based on this judgment, Chen Jiangong in his new works are no longer "trying to create the appearance of reality through using colorful language, but are straightforwardly telling readers the process of conceiving his works, so as to share with them the pleasure of creative work."

With regard to the importance of literary techniques, Chen Cun, a writer, argued: "To prevent the decline of literature as a narrative art, it is necessary to increase its content and scope through various exploratory efforts and experiments." In his work of fiction *Elephant*, he dilutes the story and meaning of the work, focusing instead on the process of narration itself, thereby further developing the method of expression—and function—of fiction. The secret technique of the currently popular "literary star," Su Tong, is "to use my own method to

pick up fragments of the shattered history and sew them together, while feeling the pulse of the ancestors and hometown in the process." He makes readers see where they came from and their destination, thereby turning reading into returning—together with the readers—to the spiritual "hometown." Liu Zhenyun, a writer, held: "It is not necessary to deliberately try to be new in style. The method of creation is the most natural method which is based on inner emotions. I believe that the absurd in all spheres of life can be demonstrated only in terms of the most natural process of life. That is why I wrote the new realistic fiction as called by people at large." Yan Gang, a literary commentator, expressed the view that it was necessary to hold a national conference of writers as soon as possible to study—and find ways to resolve—the issue of literary policy, encompassing the aspects discussed above.

Literature is always description of life, and demonstrates the beauty of people's creative power. It has helped people of one generation after another fulfil the dreams that they cannot fulfil in real life, and provided spiritual nutrition to people, encouraging them to work hard in the pursuit of noble goals. The difference between the "cry wolf" theory of "decline" and the content of that children's story lies in that the "wolf" will not come even in the end. For, literature and life survive together; literature and culture survive together; and literature and mankind survive together.

The current "business craze" does not represent disruption and destruction of the "literary sea," but represent trials and opportunities. Literature's only way out is literature. After several years of adjustment of mentality and effort to set a direction, Chinese writers are actively adapting to the tides of the times, trying to understand people's wishes and tenaciously advancing toward the splendid shrine of literature.

Journal Profiles PLA Military Region Commanders

Beijing Commander Wang Chengbin

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[WIDE ANGLE] in Chinese No 249, 16 Jun 93
pp 50-52

[Article by Li Chung-lo (2621 0022 3157): "Beijing Military Region Commander Wang Chengbin (3769 2052 2430)"]

[Text] Wang Chengbin Takes Over as Beijing Military Region Commander in May 1990

In May 1990, the 62 year old Nanjing Military Region Deputy Commander, Wang Chengbin, replaced the 68 year old Lieutenant General Zhou Yibing [0719 5902 0393] in a promotion to commander of the Beijing Military Region.

The Beijing Military Region was formerly the North China Military Region, one of the six major PLA military regions established on 9 May 1948. On 15 April 1955, the North China Military Region was renamed the Beijing Military Region (which still included the Beijing and Tianjin Garrisons at that time). Yang Chengbi was the commander, Zhu Liangcai [2612 5328 2088] was the political commissar, Zheng Weishan [6774 4850 1472], Wang Jinshan [3769 6602 1472], and Chen Zhengxiang [7115 2973 3276] were deputy commanders, and Han Wei [7281 0251] was a deputy commander and concurrently chief of staff. The military region's headquarters was in Beijing. The Inner Mongolian Military region, which had formerly been a part of the North China Military Region, was placed under the Ministry of National Defense as of 20 April 1955.

In May 1967, not long after the beginning of the Cultural Revolution, in order to centralize combat command over the North China theater, the CPC Central Military Affairs Commission decided to make the Inner Mongolia Military Region a provincial level military region instead of one of the country's main military regions. It was then placed under leadership of the Beijing Military Region once again.

Following founding of the Beijing Military Region, its first commander was a deputy commander of the former North China Military Region, Yang Chengwu. Its second commander was Yang Yong [2799 0516]. Shortly afterward, Yang Yong was "toppled," and Zheng Weishan became, first, deputy commander, and then commander. During the campaign to "criticize Chen and rectify work style" of January 1971, Zheng Weishan also came under attack by the Jiang Qing clique and was cashiered. Subsequently Li Desheng [2621 1795 3932], Chen Xilian [7115 6932 5114], and Qin Jiwei [4440 1015 0251] succeeded as the fourth, fifth, and sixth commanders. In November 1987, following the 11th Party Central Committee, the 65 year old Zhou Yibing became the seventh commander of the military region.

Among the Beijing Military Region's seven commanders, Yang Yong served the longest at nine years (September 1958-March 1967). Second was Chen Xilian and Qin Jiwei, both of whom served seven years. The shortest term commanders were Li Desheng and Zhou Yibing, both of whom served a full three years. Wang Chengbin has been in charge of the Beijing Military Region for more than three years as of now.

Wang Chengbin Came Out of the Third Field Army

Like his predecessor Zhou Yibing, Wang Chengbin came from the Third Field Army commanded by Marshal Chen Yi. Zhou Yibing first served as a soldier in the New Fourth Army during the early period of the War of Resistance to Japan, and Wang Chengbin joined the Eighth Route Army during the latter part of the War of Resistance to Japan.

Wang Chengbin's native village is located on the Shandong promontory. He is a fellow villager of Jiang Xueshan [3068 7185 1472], the regimental commander of the renowned Tashan heroic regiment of 1948. Wang Chengbin's hometown of Yexian set up military forces and a regime to oppose Japan under leadership of the CPC in April 1938. In December 1939, it formally became an integral part of the anti-Japanese base on the Shandong promontory. In January 1939, the Shandong Promontory District CPC Committee was founded with Wang Wen [3769 2429] as secretary. During the first half of 1939, the CPC main armed force for resistance to Japan withdrew from Penglai, Huanxian, and Yexian counties to found the Pingdu, Zhaoyuan, Laixi, and Yexian Border Guerrilla Base in the Daze Shan. In the summer of 1939, the Shandong Promontory Beihai, Nanhai, and Donghai Special CPC Committee (which later became a prefecture CPC committee) was founded. During the autumn of the same year, the Nanhai Anti-Japanese Base in southern Pingdu and Laiyang expanded southward. On 1 July 1942, the Eighth Route Army's Shandong Promontory Military District was formed with Xu Shiyu [6079 0018 0645] as commander, and Lin Hao [2651 3185] as political commissar. On 7 July 1942, the Shandong Promontory Administrative Office was established with Wang Wen as chairman. In 1943, the area under jurisdiction of the Shandong Promontory Administrative Office lay to the east of Jiazhou Wan, Gaomi, and Changyi. In the autumn of 1944, the four districts on the Shandong Promontory were united. In 1945, the eastern promontory district expanded. It was in this year that the 17 year old Wang Chengbin joined the Eighth Route Army in his hometown.

On 16 August 1945, the Shandong Promontory Eighth Route Army units formed the Third Route Army of the Shandong Military District, which liberated the entire Shandong Promontory with the exception of Qingdao. Wang Chengbin participated in the fighting, and in that same year he joined the CPC.

Participation in Battles To Defend the Shandong Promontory Under Leadership of Zhou Zhijian [0719 1807 1017] and Liao Haiguang [1675 3189 0342]

In the summer of 1946, all-out civil war broke out between the Kuomintang and the Communists. Wang Chengbin fought in battles to defend the Shandong promontory liberated area. In January 1947, the Shandong Promontory Military District's main force fifth and sixth divisions combined to form the Ninth Column of the East China Field Army. Wang Chengbin's Shandong Promontory Military District local forces were organized into a newly formed Shandong Promontory Military District Fifth Division (under division commander Zhou Zhijian, and political commissar Liao Haiguang). Wang Chengbin served as a platoon leader in an independent regiment of the Shandong Promontory Military District. On 17 August of the same year, the newly formed three regiments of the Shandong Promontory Military District formed up into the 13th Column of the East China Field Army in Guojiadian District, Zhaoyuan County, Shandong Province. Zhou Jianren was commander of the column and Liao Haiguang was political commissar. The column was made up of the 39th Division (formerly the Fifth Division), the 38th Division (formerly the Sixth Division), and the 39th Division (formerly the Seventh Division). Wang Chengbin was a platoon commander in the 13th Column of the East China Field Army and took part in the campaign to defend the Shandong Promontory (September-December 1947).

The Jinan Campaign; Outstanding Military Exploits

Later on, Wang Chengbin took part in the Pingdu, Laiyang, Gaoshan, Haiyang, Weixian, Yanzhou, Jinan, and Huaihai campaigns. During the Jinan Campaign in September 1948, the outstanding exploits of the 109th Regiment of the 37th Division of the 13th Column of the East China Field Army earned it the name "Jinan Second Regiment." In that same year, Wang Chengbin was promoted to company commander.

Participation in Huaihai, the Chang Jiang Crossing, the Shanghai, and the Fuzhou Campaigns

On 15 February 1949, the 13th Column of the East China Field Army became the 31st Army of the Third Field Army (with Zhou Zhijian as army commander, Chen Huatang [7115 5478 1016] as political commissar, Yao Yunliang [1202 6663 5328] as deputy army, Li Youzhang [7812 2589 4545] as chief-of-staff, and Fang Zhongduo [2455 0022 6955] as chairman of the political department). As a 31st Army company commander, Wang Chengbin took part during the same year in the Chang Jiang crossing, the Shanghai, and the Fuzhou campaigns.

Fujian Bandit Extermination, Kinmen Bombardment

Following founding of the PRC in October 1949, Wang Chengbin became a battalion commander in the 31st

Army. He took part in the bandit suppression campaigns in Fujian Province. In October 1950, when the Chinese Communists sent the volunteers to take part in the Korean War, the Ninth Army Group (made up of the 20th, 26th, and 27th armies) of the Third Field Army, which was originally slated to be the first echelon in the attack across the strait against Taiwan, was transferred to the Korean battlefield. The East China Military region redeployed its forces once again, transferring the 24th and 25th armies and the Third Artillery Regiment, which were stationed in Fujian Province, northward to the Jiangsu, Zhejiang, and Shanghai areas, and deactivating the 29th and 32d armies, placing their troops in railroad units, public security units, volunteer army logistical units, in the Fujian Military region, and in the Air Force. Only the 28th and 31st armies (in the 10th Army Group) and local forces remained in Fujian Province. Subsequently, Wang Chengbin's army garrisoned the Fujian front for a long time where it defended against raids by Chinese Nationalist forces and shelled Kinmen Island. It was here that he gradually rose through the ranks from 31st Army battalion commander to regimental chief-of-staff, regimental commander, division chief-of-staff, division commander, and deputy army commander.

Following graduation from the Chinese PLA Military Academy in 1981, Wang Chengbin was assigned commandant of the Nanchang Army School. This school had formerly been the Nanchang Infantry School founded in May 1955 with responsibility for training basic level cadres including company commanders, company political instructors, and platoon leaders. It was under direct leadership of the CPC Central Military Commission. In January 1960, it became subordinate to the Fuzhou Military Region, and in June 1962, its name was changed to Fuzhou Military Region Infantry School. In December 1980, it was renamed the Nanchang Army School. This military school provided courses and classes for company commanders, political instructors, platoon leaders, and company mess sergeants, as well as in communications, military supply, and finance. Training levels included college undergraduate, technical secondary school graduate level, and rotational on-the-job training. The school commandant previous to Wang Chengbin was Wang Linde [3769 2651 1795]. The school's political commissar was Yu Dehui [0060 1795 1920].

Appointed Deputy Commander of the Nanjing Military Region in 1985

On 30 August 1985, the Fuzhou Military Region designation was cancelled, and the 57 year old Wang Chengbin was appointed deputy commander of the Nanjing Military Region. The Nanjing Military region commander at that time was Xiang Shouzhi [0686 1343 1807]. The political commander, Fu Kuiqing [0265 1145 3237], was the former Fuzhou Military Region political commissar. The first deputy commander of the military region was Guo Tao [6753 3447], the commander of the former Shanghai Garrison District. He was one year

older than Wang Chengbin and had come up through the Second Field Army. He differed from Wang Chengbin in having taken part in the Korean War while Wang was on the Fujian front ever since liberation. Other Nanjing Military region deputy commanders ranking behind Wang Chengbin were Nie Kuiju [5119 1145 5112] and Jiang Yutian [1203 3768 3944]. They had served respectively as commander of the East China Sea Fleet and commander of the Nanjing Military Region Air Force. Nanjing Military Region deputy political commissar Shi Yuxiao [0670 3768 1321] had come up through the First Field Army. Five years younger than Wang Chengbin, his service record was rather skimpy. He joined the First Army in 1949 and had subsequently taken part in the liberation of the northwest, the Korean War, and the Sino-Vietnamese border war until this appointment as political commissar. The youngest member of a leadership team in the military region at that time was Chief of Staff Liu Lunxian [0491 0243 6343] who was only 42, and who did not enter military service until 1961.

Promoted to Central Committee Member at 13th Party Congress

In November 1987, Wang Chengbin was elected a member of the CPC Central Committee at the 13th Party Congress.

In 1957, Wang Chengbin was awarded a liberation medal third class and promoted to the rank of major. In September 1988, following revival of military ranks, he was awarded the rank of army major general.

In May 1990, a major reshuffling of high ranking military leaders took place in which Wang Chengbin was elevated to commander of the Beijing Military Region. Beijing Military Region Political Department director, Major General Zhang Gong [1728 1562], who had entered military service during the period immediately following founding of the PRC, succeeded the 69 year old Liu Zhenhua [0491 2182 5478] as Beijing Military Region political commissar. Zhang Gong was seven years younger than Wang Chengbin, and he had long performed political work in units and staff organizations in the Beijing Military Region. Beijing Military Region second deputy commander, Major General Li Laizhu [2621 0171 2691], who had come up through the Second Field Army, was promoted to first deputy commander. He was 58 years old at the time, and had joined the Eighth Route Army one year earlier than Wang Chengbin. During the liberation of the northwest, Li Laizhu was a company deputy political instructor, who later became deputy political instructor in the 28th Division of the 10th Army of the Second Field Army. In April 1952, the 28th Division was transferred back into the 23d Army Group, and at the end of that same year, the 23d Army Group was redesignated the 69th Army. Then the 28th Division became a part of the 69th Army. General Dong Qiwei [5516 0366 2976] was commander of the army. Li Laizhu continued in the 28th Division of the 69th Army, serving as political instructor, regimental chief-of-staff, deputy regimental commander, regimental

commander, division chief-of-staff, and division commander. In the 1980s, he became deputy commandant of the Beijing Military Region Infantry School, and commandant of the Shijiazhuang Army School. In 1985 he became second deputy commander of the Beijing Military Region.

In October 1992, at the 14th Party Congress, Wang Chengbin was reelected a member of the CPC Central Committee

Shenyang Commander Wang Ke

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[Article by Li Chung-lo (2621 0022 3157): "Shenyang Military Region Commander Wang Ke"]

[Text] Wang Ke's Credentials of Longer Standing Than Liu Jingdong's [0491 4737 2646]

Lieutenant General Wang Ke is the incumbent commander of the Shenyang Military Region.

The Shenyang Military Region is one of the military regions that was rebuilt from the former Northeast Military Region. It exercises control over the army, navy, and air force in the three northeastern provinces and Inner Mongolia, and it directs other military activities within the area of its control. The four commanders who preceded Wang Ke in the order of their succession were Deng Hua [6772 5478] (March 1955-September 1959), Chen Xilian [7115 6932 5114] (October 1959-December 1973), Li Desheng [2621 1795 3932] (December 1973-June 1985), and Liu Jingsong (June 1985-October 1992). The youngest person appointed commander of the Shenyang Military Region was Chen Xilian, who was 44 years old in 1959. Second youngest was Deng Hua, who was 45 years old in 1955. Both are old Red Army members with the rank of general (1955). Deng Hua had the longest record of service. He joined the CPC in 1927, and in the following year he took part in the south Hunan uprising led by Zhu De and Chen Yi. The oldest commander of the military region was Li Desheng. In December 1973 when the eight major military regions were changed around, he was 57. When Liu Jingsong was appointed commander in 1985, he was 52, a fairly young age. He entered military service only after founding of the PRC, and he became a CPC member three years after entering military service (in February 1954). Since April 1954, he has served in field army units. He has served as platoon leader in a howitzer company of a division and army noncommissioned officer training battalion, as company commander of an anti-aircraft company, as staff officer in a regimental operations detachment, as staff officer in a division operations section, as regimental deputy chief-of-staff, as regimental chief-of-staff, as commander of an army training unit, as division chief-of-staff, as deputy division commander, division commander, and army commander. Like Wang Ke, he became a major general in

1988. Wang Ke's credentials are more impressive than Liu Jingsong's, but he was also older than his four predecessors at the time of this appointment. In 1992, he was 61 years old.

Wang Ke Is a "Three-Eight" Style Military Man of the Late War of Resistance to Japan Era Who Joined the New Fourth Army Armed Working Team in Xiaoxian in August 1944.

Wang Ke is a "three-eight" style military man of the later war of resistance to Japan era. He was born in Xiaoxian, Jiangsu Province in 1931. In 1949, Xiaoxian was incorporated into the North Anhui Administrative Office, which existed at that time. For a time in 1952, he became a part of Jiangsu Province once again, but in 1955, it reverted to Anhui Province. Xiaoxian is located in the northern Huai region. As early as the great revolutionary period of the first cooperation between the Kuomintang and the CPC, the CPC established a county CPC committee in Xiaoxian. That was in 1927. In 1928, under leadership of the Jiangsu Province CPC Committee, special CPC committees were established in Xuzhou, Haizhou, and Bengbu, which fomented peasant rebellion in Xiaoxian, Suxian, and Sixian. At the end of 1939, the CPC established the Luxi Base in the northern Huai region, which centered around Xiaoxian, Suxian, Shuicheng, and Xiayi counties, and which expanded to 10 counties. (This base was also known as the Hubei-Anhui-Jiangsu base.) During the War of Resistance Against Japan, the Eighth Route Army and the New Fourth Army forces kept up the struggle behind enemy lines here. Wu Zhipu [0709 5347 0944], Peng Xuefeng [1756 7185 2800], Liu Zijiu [0491 1311 0036], and Deng Zihui commanded this base one after another in the struggle against Japan.

In August 1944, four of the main force regiments of Fourth Division of the New Fourth Army advanced along Jinpu West Road in execution of the CPC's mission of moving into Henan. First, it annihilated more than 1,000 men of the advancing Kuomintang army at Xiaozhu Village south of Xiaoxian. Next, it smashed a Japanese puppet force of more than 2,000 men engaged in "mopping up operations" in the Xiaoxian and Yongcheng areas to recover the Xiaoxian-Yongcheng-Suxian area. During that same month, Wang Ke joined the local Xiaoxian Armed Working Team of the New Fourth Army to begin his military career. He was only 13 years old at that time. By the winter of 1944, the Luxi Base had rebuilt its authority in eight counties, namely Xiaoxian, Yongcheng, Xiayi, Yonghuo, Sumeng, Suhuai, Yongshanghao, and Suxi.

After August 1945, the northern Huai Anti-Japanese Base expanded to include a total of 46 counties in Anhui, Jiangsu, Shandong, and Henan provinces.

Zhang Zhen [1728 7201] Commands Second Column of East China Field Army

In October 1945 following the War of Resistance to Japan, party, government and military organs in the

northern Huai area were abolished and the Chinese Communist Central China Branch Bureau and the Central China Military Region were established. The fourth division of the former New Fourth Army, which was stationed in the area was divided into two, one part becoming the Second Column of the Shandong Field Army, and the other part becoming the Ninth Column of the Central China Field Army. Following the North Jiangsu campaign in December 1946, the main forces of both the Shandong and Central China field armies withdrew northward into Shandong. In February 1947, a portion (the Third Regiment) of the Ninth Column of the Central China Field Army and the Second Column of the Shandong Field Army combined in the Tancheng area of Shandong Province to form the Second Column of the East China Field Army. Its commander and political commissar was Wei Guoqing [7279 0948 3237]; the deputy commander was Zhang Zhen; the deputy political commissar was Kang Zhiqiang [1660 1807 1730]; the chief-of-staff was Zhan Huayu [6124 0553 7183], and the director of the political department was Deng Yifan [4098 6654 0416]. Wang Ke was a company level assistant cultural instructor in the column who later on took part in the Laiwu (February 1947), Menglianggu (May 1947), Nanmalinju (July 1947), and Jiaohe (September-December 1947) campaigns.

In January 1947, Wang Ke joined the CPC. He subsequently took part in the Yunnan (May 1948), Jinan (September 1948), and Huaihai (November 1948-January 1949) campaigns, and he fought in one place or another in Shandong and northern Jiangsu.

Zhang Zhen Praises Wang Ke for Bravery and Resourcefulness in Battle

In an article titled, "The Decisive Northern Huai Battle," the incumbent deputy chairman of the CPC Central Military Affairs Commission, General Zhang Zhen, particularly praised Wang Ke's courage and resourcefulness in battle during the campaign in which the Seventh Column attacked and occupied Wannianzha Bridge on the Grand Canal. Zhang Zhen said:

Wang Ke Plants Banner on End of Bridge

In the middle of the night, a company of the Seventh Column conducted a facing trench operation in the ditch running along both sides of the highway running through Wannianzha. Ignoring the enemy's gunfire, the soldiers of that company suddenly returned the enemy's fire only after getting close to the enemy's fortifications in front of a bridge. The enemy abandoned the positions and ran pell-mell toward the bridge, which they began to demolish. The company's first and second platoon followed up the attack, Wang Ke—a merit citation first class holder and member of Third Platoon—planted the banner of the vanguard unit on the end of the bridge, and soldiers of Second and Third Platoon rushed to the bridge, which had already been blown up. Half way across the demolished bridge, they were met by a rain of gunfire from the enemy at the other end of the bridge. At

this critical moment, the soldiers understood that the side that had the courage to persevere to the end would be the victor. Clutching their assault rifles with both hands, they returned the enemy's fire. "Use your hand grenades!" the political instructor reminded everyone. Immediately volley after volley of hand grenades went flying in the direction of the enemy. Eighth squad deputy squad leader Yang Jun [2799 6511], and Sixth squad deputy squad leader Fu Yong [0265 0516] jumped from the demolished section of the bridge into the river where they found a footing from which they grenaded the enemy fiercely. Eighth squad leader Wei Mingguang [7614 2494 1639] made it to the shore alone where he blew up a pill box at the head of the bridge. Then he selected a good spot from which he used hand grenades and his assault rifle to fight a heroic battle to provide cover for the advance of the troops who followed him.

Successive Shenyang Military Region Commanders

| Commander | Tenure | Rank |
|--------------|--------------------------------|--------------------|
| Deng Hua | March 1955- September 1959 | General |
| Chen Xilian | October 1959- December 1973 | General |
| Li Desheng | December 1973- May 1985 | General |
| Liu Jingsong | June 1985- November 1990 | Lieutenant General |
| Wang Ke | December 1992- | Lieutenant General |

In January 1949, the Second Column of the East China Field Army was redesignated the 21st Division of the PLA (subordinate to the Third Field Army). The army commander was Teng Haiqing [3326 3189 3237]; the political commissar was Kang Zhiqiang; the deputy army commander was Gao Zhirong [7559 1807 2837]; the chief of staff was Wu Yongxiang [0702 0737 3276]; and the political department director was Deng Yifan. Wang Ke was deputy political instructor in the 21st Army's Regimental Training Detachment. He took part in the battle to liberate Zhejiang.

Garrisons Zhejiang; Goes to War in Korea

Following the founding of the PRC, Wang Ke became chief-of-staff in the 21st Army's Regimental Staff Department. Subsequently, he became a deputy battalion commander in an artillery division stationed in Zhejiang. As a second rotational unit, the 21st Army entered Korea (North Korea) to join the war in March 1953. At this time, Wu Yongxiang commanded the 21st army; Xie Fulin [6200 4395 2651] was political commissar; the deputy commander was Zhou Changsheng [0719 7022 0524]; the deputy political commissar and concurrent director of the political department was Yan Zheng [0917 2398]; and the chief-of-staff was Hu Wei [5170 3555]. The division took part in opposing landings on Korea's east coast, and it also took part in both the 1953 summer offensive and the Kimsong campaign.

Takes Part in Kimsong Counterattack; Hailed as "God of War"

During the Kimsong counterattack, the volunteers concentrated five armies under the command of the 20th army group (whose commander was Yang Yong, and whose political commissar was Wang Ping [3769 1627]). These five armies were: the 21st Army and the 54th Army (Ding Sheng [0002 4141], the commander, and Xie Ming [6200 2494], the political commissar), the 60th Army (Zhang Zuliang [1728 4371 6156], the commander, and Wang Chenghan [3769 6134 3352], the political commissar), the 67th Army (Qiu Wei [6726 5588], the commander, and Kuang Fuzhao [2568 0126 0340], the political commissar), and the 68th Army (Chen Fangren [7115 0119 0088], the commander, and Li Chengrui [2621 0701 3843] the political commissar), as well as the 24th Army (Zhang Zhen, the acting commander and acting political commissar) of the Ninth Army Group (Wang Jian'an [3769 1696 1344], the commander and acting commissar, and Wang Bicheng [3769 1801 2052], the deputy commander). In addition, artillery and engineering troops totaling 240,000 men were attached. At the same time, 1,360 artillery pieces and 20 tanks were concentrated. Not only did this force outnumber the enemy three to one, but it also enjoyed a 1.7 supremacy over the enemy in firepower. The volunteers were superior to the enemy in ground firepower, the only time this was so in all the campaigns during the Korean War. At 2100 hours on 13 July 1953, when a rainstorm was impending, the volunteers launched an offensive that took the enemy by surprise. First, 1,094 artillery pieces conducted a seven to 28 minute softening up during which 1,900 tons of shells were fired. In the main direction of attack, there were between 100 and 120 artillery pieces per kilometer, rivaling the number used in battles between the USSR and Germany during World War II. This artillery attack was also the largest such attack during the Korean War. Next, the volunteers six armies launched a fierce assault. Within an hour, they broke through all along the line. Then they surrounded and killed the enemy on all high ground and penetrated into the rear. After a three day offensive, the volunteers pushed the front line in the Kimsong area 15 kilometers southward. Warfare continued until 27 July when both sides signed a truce agreement at Panmunjon. Statistics show approximately 78,000 enemy killed in this campaign, the volunteers and the North Korean forces sustaining 32,253 casualties. The volunteers artillery troops in the Kimsong campaign were hailed as the "god of war" in battle. The North Korean side was victorious in the Kimsong campaign, and afterward, American General Mark Clark admitted that "the enemy was able to concentrate sufficient manpower at any time to break through out defense lines at the place and time of his choosing. If an enemy is prepared to sacrifice its life to make a breakthrough, no defense can be strong enough to withstand his attack."

Thanks to the outcome of the Kimsong counterattack, which exceeded all expectations, the volunteers were in the best position since 1951 on the Korean battlefield.

The volunteers headquarters drew up new battle plans in preparation for an offense to be mounted in the direction of Chonwon and Yonchon to take completely the triangular area of Chonwon, Kimhwa, and Pyongkang, and to close in on Seoul and the area to the south. Mao Zedong also believed that the volunteers could take Seoul. However, it was at this time that the CPC Central Military Commission also took into account the bad effect that continuation of the war would have on the first Five-Year Plan, which had already begun, the excessive outlays required for military expenses, that 55 percent of ammunition still had to be imported from the USSR at that time, and the changed American attitude as well. Because of the international situation, both the USSR and North Korea also hoped for an early armistice. After full consideration of all factors, the CPC Central Committee and Mao Zedong finally decided to accept an armistice. The volunteers carried out the CPC decision, but Peng Dehuai expressed regret for a long time about implementation of the armistice at that time.

Assigned to the Northwest To Train Special Artillery Troops

Following the Korean armistice, the volunteers 21st Army withdrew to inland China in August 1958. After returning home, Wang Ke was appointed deputy section commander of the Beijing Artillery School's training section, and was subsequently promoted to section chief. This school, which was subordinate to the PLA artillery forces organizational system, was located in Beijing. The name of this school had been changed from the Sixth Artillery School in 1956. Its main task was to train artillery battery and platoon cadres and calibration and reconnaissance battery and platoon cadres. In 1962, the Beijing Artillery School was merged into the Wuwei Artillery School located in Wuwei City, Gansu Province. The Wuwei Artillery School was rebuilt from the Wuwei Infantry School in 1959. It trained special artillery soldier technicians, and it was also a part of the artillery system. Wang Ke served as deputy director of the Wuwei Artillery School's training department. In February 1969, the Wuwei Artillery School was disbanded, and Wang Ke was transferred to a position as director of the artillery department of a certain army in the Lanzhou Military Region. He subsequently served first as deputy division commander of a garrison division, and later as division political commissar. Hu Wei, who was 21st Army chief-of-staff during the Korean War, was Wang Ke's superior at this time. In October 1969, Hu Wei was appointed deputy commander of the Lanzhou Military Region, a position he held for five years (until December 1974) when he was transferred to the position of deputy chief of the PLA General Staff and concurrently director of the CPC Central Military Affairs Commission Office. Between 1969 and 1980, he served in the Lanzhou Military Region, which was commanded by Pi Dingjun [4122 1353 6874] and Han Xianchu [7281 0341 4342].

From the 47th Army to Deputy Commander of the Xinjiang Military Region

Following his graduation from the PLA Military Academy in 1980, Wang Ke was appointed division commander and later army commander. In June 1985, following the merger of the Urumqi Military Region with the Lanzhou Military Region, Wang Ke became the commander of the 47th Combined Arms Army. In 1986, Wang Ke became deputy commander of the Xinjiang Military Region, which was subordinate to the Lanzhou Military Region. The first deputy commander of the Lanzhou Military Region, who was concurrently commander of the Xinjiang Military Region, Liu Haiqing [0491 3189 3237], entered the old Red Army at the age of 12. During the Korean War, he received a Merit Citation Second Class as a division commander in the 38th Army—the "Long Live Army." After returning to China, he served as commander of the 38th Division, deputy commander of the Beijing Military Region, and deputy commander of the Urumqi Military Region. In 1986, when Liu Haiqing was reassigned as advisor to the Xinjiang Military Region, the 63 year old Gao Huan-chang [7559 3562 2490] became commander (Gao had earlier been commander of the southern Xinjiang Military District.) Deputy commanders who served prior to Wang Ke were Li Zhengzhong [2621 2973 1813] and Zhang Defu [1728 1795 4395], and the deputy political commissars was Duan Shuguang [3008 2562 0342], and Wulatayofu [3527 2139 1044 1429 1133], all of whom were younger. The political commissar appointed to the Xinjiang Military Region earlier in the same year, Tang Guangcai [0781 1639 2088], was also three years younger than Wang Ke.

Enters CPC Central Committee in 1992; Promoted to Commander of the Shenyang Military Region at Year's End

In 1988, when the CPC Central Committee re-instituted the military rank system, Wang Ke and several others in charge of the Xinjiang Military Region became lieutenant generals. In 1990, Wang Ke was promoted to deputy commander of the Lanzhou Military region. In October 1992, he was elected a member of the CPC Central Committee by the 14th Party Congress. After the plenary session of the 14th Party Congress formed the first new Central Military Affairs Committee, the leadership teams in all general headquarters, all services branches and service arms, and the major military regions were revamped. Wang Ke was promoted from a position as deputy commander to full commander of a military region and transferred to the position of commander of the Shenyang Military Region. Other persons transferred in this revamping included Liu Jingsong, Zhang Gong [1728 1562], Shi Yuxiao [0670 3768 1321], Gu Shanqing [6253 0810 1987], Liu Anyuan [0491 1344 0337], He Qizong [0149 0366 1350] (deputy chief of General Staff transferred to deputy commander of the Nanjing Military Region), and Li Ji'nai [2621 4949 5082] (transferred from deputy director of the General Political Department to deputy director of the National

Defense Science, Technology, and Industry Commission). Persons promoted in rank included Wang Ke, Li Xilin, and Zhang Taiheng [1728 1132 1854] (who was replaced by Li Jiulong as commander of the Chengdu Military Region in 1991, and who was later demoted to deputy commander of the Nanjing Military Region). Following the 14th Party Congress, he was again elevated to commander of the Jinan Military Region.

Guangzhou Commander Li Xilin

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[WIDE ANGLE] in Chinese No 249, 16 Jun 93
pp 58-60

[Article by Li Chung-lo: "Guangzhou Military Region Commander Li Xilin"]

[Text] Li Xilin Joins Army After War of Resistance to Japan

After the 14th Party Congress in October 1992, former Guangzhou Military Region deputy commander, Lieutenant General Li Xilin succeeded Zhu Dunfa [2612 2415 3127] as commander of the Guangzhou Military Region. The Guangzhou Military region was formerly the South Central Military Region, which was established in December 1949. Since the founding of the Guangzhou Military Region in March 1955, its commanders have been Huang Yongsheng [7806 3057 0524] (March 1955-March 1968), Li Tianzuo [2621 1131 0149] (acting, November 1958-September 1962), Ding Sheng (July 1969-December 1973), Xu Shiyu [6079 0013 0645] (December 1973-January 1980), Wu Kehua [0702 0344 5478] (January 1980-October 1982), You Taizhong (October 1982-November 1987), Zhang Wannian [1728 8001 1628] (November 1987-May 1990), and Zhu Dunfa (May 1990-October 1992). The first six were members of the old Red Army who took part in the 10 year civil war and the Long March. During the first period of military ranks in 1955, they held the rank of general, major general, or lieutenant general. The last two were "Three-Eight Style" old Eighth Route Army members who joined the army during the War of Resistance to Japan, and who held field grade ranks during the 1950s. Li Xilin had a less impressive list of qualifications than the eight commanders who preceded him. He joined the army only after the War of Resistance to Japan. In terms of age, at the time when they were appointed commanders of the Guangzhou Military Region, Huang Bingsheng and Li Tianzuo were youngest at 45 and 44 years old respectively. Xu Shiyu and Wu Kehua were oldest at 67 years. Younger commanders included Ding Sheng, 56, and Zhang Wannian, 59. Commanders who were more than 60 years old at the time of their appointment included Zhu Dunfa (63), and You Taizhong (64). Li Xilin was somewhat younger than both of these commanders. He was 62 in 1992 when he succeeded to command.

Li Xilin was born Li Ruilin [2621 3843 2651]. He was born in Jixian, Hebei in 1930.

Jixian, located in southern Hebei Province, was an integral part of the anti-Japanese base in southern Hebei that the 29th Division of the Eighth Route Army opened during the War of Resistance to Japan. In 1938, the Chinese Communists set up the South Hebei Administrative Office with jurisdiction over 51 counties. Yang Xiufeng [2799 4423 1496] and Song Renqiong [1345 0117 4522] served as chairman and deputy chairman respectively of this unit. In 1939, the Chinese Communists founded the South Hebei Military District. Song Renqiong was commander and concurrently political commissar (subsequently Chen Zaidao [7115 0375 6670] became commander), and Wang Hongkun [3769 1347 0981] was deputy commander. Jixian was successively a part of the fourth and sixth military sub-districts of the South Hebei Military District (and following the surrender of Japan, he became a sub-district commander under the Second Army). Zhong Hanhua, who became a major general after liberation, and Zou Guohou [6760 0948 0624], Li Dingzhuo [2621 1353 3504], and Zhou Fatian [0719 4099 3944], who became lieutenant generals, served as commanders or political commissars in this army sub-district.

After the War of Resistance to Japan, south Hebei became one of the four integral parts (Taihang, Taiyue, Hebei-Shandong-Hubei, and South Hebei) of the Shanxi, Hebei, Shandong, and Hubei Region headed by Deng Xiaoping and Liu Bocheng. In the autumn of 1945, after Japan's surrender, Li Xilin served with local troops in the South Hebei Military District. In December 1945, the unit in which he was serving became the Fourth Independent Brigade. Sun Rendao [1327 0087 6670] and Zhao Haifeng [6392 3189 2800] served as brigade commanders one after the other. The brigade's political commissar was Yang Shugen [2799 2885 2704], and the director of the political department was Li Fuyao [2621 4395 1031]. From that time until 1949, they were Li Xilin's superiors. Yang Shugeng was a member of the old Red Army who joined the armed forces in 1930. Prior to his service in the Fourth Independent Brigade, he had been commander of the South Hebei Military District's Fifth Military Sub-district. Li Fuyao is a fellow villager from the same county as Li Xilin who joined the old Eighth Route Army in 1937. Prior to this assignment, he had been director of the political department in the South Hebei Military District's Third Military sub-district. Yang Shugen and Li Fuyao became major generals in 1955 and 1964 respectively. By coincidence, during the 1960s and 1970s, when Li Xilin was working in the field armies under jurisdiction of the Guangzhou Military Region, these two old commanders were his superiors. Yang Shufen was deputy political commissar of the Guangzhou Military Region, and Li Fuyao was deputy director of the political department of the Guangzhou Military Region.

Li Xilin Served Under Yang Shugen and Li Fuyao for a Long Time

In July 1947, the first, second, third, and sixth columns of the Shanxi-Hebei-Shandong-Hubei Military District

under leadership of Liu Bocheng and Deng Xiaoping organized the southern expedition field armies that drove into the Dabie Shan. In September of the same year, at Anyang in Hebei, the South Hebei Independent Fourth Brigade and the Fifth and Sixth Local Basic Cadres Brigade combined to form the 10th Column of the Shanxi-Hebei-Shandong-Hubei Military District. The Fourth Independent Brigade became the 28th Brigade (and the fifth and sixth independent brigades became the 29th and 30th brigades), the whole column numbering nearly 20,000 men. The column commander was Wang Hongkun, and the political commissar was Liu Zhijian [0491 1807 1017]. Both these men were senior members of the old Red Army. The 28th Brigade commander was Yang Xiukun [2799 4423 2492], the political commissar was Yang Shugen, and the director of the political department was Li Fuyao.

In October 1947, the 10th Column and the Local Work Regiment (regimental commander Zhao Ziyang) moved south together. At the end of November, they joined forces with the main force of Liu and Deng's field armies at Guangshan in Henan Province in the Dabie Shan. Later on, the 10th Column drove into the Tongbai area. In mid-December, after entering the Tongbai mountains, it set up the Tongbai Military District. The commander was Wang Hongkun; the political commissar was Liu Zhijian; the deputy commander was Kong Qingde; and the deputy political commissar was Zhao Ziyang. A main force, the 10th Column and the 28th Brigade, assembled to fight the enemy. The 10th Column, the 29th Brigade, and the 30th Brigade became the local military force in the Tongbai Military District. It spread out to do work in every prefecture and county, and to set up a government authority. It was in this year that Li Xilin joined the CPC.

Takes Part in Xiangfan Campaign; Captures Kang Ze [1660 3419] Alive

During 1984 Li Xilin was in the Wanxi campaign, which was fought in Nanyang Prefecture in Henan Province, and in the Xiangfan campaign and the Huaihai campaign, which were fought in the Xiangyang and Fancheng areas of Hubei.

In the Xiangfan campaign of July 1948, Wang Hongkun, commander of the Tongbai Military District, commanded the Sixth Column of the Zhongyuan Field Army and forces from the south Shaanxi and Tongbai military districts in their first campaign. In its attack on Xiangyang, this Chinese Communist army wiped out 20,500 enemy and captured Kang Ze, commander of the Kuomintang Army's 15th Pacification Headquarters. Zhu De termed this campaign a "small model campaign." Liu Bocheng likened the overwhelming of Xiangfan to a basketball game: "While the main team members of both sides held each other in check, a member of our team saw a chance to slip through and make a basket."

In February 1949, in preparation for the river crossing operation (the Chang Jiang), the Tongbai Military District was disbanded, and its forces became a part of the PLA's 58th Army, which was subordinate to the Fourth Field Army. The 58th Army commander Kong Qingde, and its political commissar Fang Zhengping were senior members of the old Red Army. Both of them became lieutenant generals during the 1950s. The 28th Brigade of the Tongbai Military District in which Li Xilin was serving became the 172d Division of the 58th Army. The division commander was Yang Shugen, and the political commissar was Li Fuyao.

Table Showing Successive Commanders of the Guangzhou Military Region

| Commander | Tenure | Rank |
|---------------------|------------------------------|--------------------|
| Huang Yongsheng | March 1955-March 1968 | General |
| Li Tianyou (Acting) | November 1958-September 1962 | General |
| Ding Sheng | July 1969-December 1973 | Major General |
| Xu Shiyou | December 1973-January 1980 | General |
| Wu Kehua | January 1980-October 1982 | Major General |
| You Taizhong | October 1982-November 1987 | Lieutenant General |
| Zhang Wannian | November 1987-May 1990 | Major General |
| Zhu Dunfa | May 1990-November 1992 | Major General |
| Li Xilin | December 1992- | Major General |

In May 1949, the 58th Army Headquarters and two other divisions (the 173rd and 174th divisions) became a part of the Henan Military District (in September, the Army headquarters and military district organizations in Henan were combined, and the army's designation was cancelled). The 172nd Division was assigned to the Hubei Military District (whose commander and concurrent political commissar was Li Xiannian). The first deputy commander was Wang Hongkun; the second deputy commander was Wang Shusheng [3769 2885 5116], the first deputy political commissar was Zhang Guangcai [1728 1639 2088], the chief of staff was Zhang Caiqian [1728 2088 0578], and the director of the political department was Zheng Shaowen [6774 4801 2429]. The commander and political commissar of the renamed Hubei Military District's Fourth Independent Regiment were still Yang Shugen and Li Fuyao. The Fourth Independent Division consisted of the 10th, 11th, and 12th regiments.

After the whole country was liberated, in February 1950, division headquarters of the Fourth Independent Division of the Hubei Military District and its 12 regiments were put under command of the Engineers headquarters in the South Central Military Region. Li Fuyao was

transferred to the position of commissar in that headquarters. The commander of the Independent Fourth Division, Yang Shugen, had been transferred slightly earlier as political commissar in the PLA 52d Army (subordinate to the Fourth Field Army and the South Central Military Region), which had been formed following the Changsha Uprising). The 10th and 11th regiments of the Fourth Independent Division were assigned to the Daye Military Sub-district of the Hubei Military District (commanded by Wang Changgui [3076 2490 63110, with Zhang Tixue [1728 7555 1331] as political commissar). Li Xilin was a staff officer for reconnaissance and communications in the Echeng County Dadui of the Daye Military Sub District. This military man who had served as a soldier and as a squad, platoon, and company cadre during the war years was transferred thereafter to the public security forces to do staff work for several years.

Serves as Operations Staff Officer in Public Security Headquarters in Hubei Province During Early 1950s

In January 1951, the Hubei Provincial Public Security Headquarters was established under command of Wu Shian [0702 0013 1344], Chen Yixin [7115 0001 2450], the political commissar. Old Red Army member, Wu Shian, who had taken part in the 1927 Huangma Uprising, had previously been commander of the Logistics Department of the Hubei Military District (and had subsequently served as public security forces commander in the Wuhan Military District. He became a lieutenant general in 1955, and in 1984 he died). Not long afterward, Li Xilin was transferred to the Hubei Provincial Public Security Headquarters as an operations staff officer.

Border Defense and Island Garrisoning, and Doing Reconnaissance Work

In July 1952, Li Xilin was transferred to Guangzhou to serve as an operations staff officer in the South Central Military Region's Public Security Headquarters. The incumbent commander of the South Central Military Region Public Security Headquarters, Zhan Caifang [6124 2088 5364], was an army-level cadre in the Red Fourth Front Army during the 10 year civil war between the Kuomintang and the Communists, and he may have been involved in the Zhang Guotao problem. After liberation, he was commander of the PLA 46th Army and commander of the Hunan Military District. He became a major general in 1955. For a long time thereafter, he served as deputy commander of the Guangzhou Military Region, and he was Li Xilin's superior. In November 1955, the name of the South Central Military Bureau Public Security Headquarters was changed to Guangzhou Military Region Public Security Forces Headquarters. The commander was Zhan Caifang (who was followed by Long Shujin [7893 2579 6855]). The political commissars were Ouyang Ping [2962 7122 1627] and Lin Ping [2621 1627]. During the mid-1950s, Li Xilin served as the head of the operations detachment of the Sixth Regiment of the Guangdong Border Defense

Division. On 4 June 1956, two divisions of the Guangdong border defense forces and four regiments of the Public Security forces were assigned to the Guangzhou Military Region to become an island garrisoning detachment. Thereafter, Li Xilin worked in units under jurisdiction of the Guangzhou Military Region. He served as deputy section chief of the reconnaissance section of division headquarters, as regimental deputy chief-of-staff, as head of the operations training section of division headquarters, as deputy regimental commander, as regimental commander, as head of the military training detachment, as division chief-of-staff, as deputy division commander, and as army chief of staff.

Graduates From Military Academy in 1980; Transferred to Guangzhou Military Region as Deputy Chief-of-Staff

In 1980, Li Xilin graduated from the Chinese PLA Military Academy. Shortly afterward, he was assigned as deputy chief-of-staff of the Guangzhou Military Region.

Promoted to Guangzhou Military Region Commander in 1992

In June 1985, Deng Xiaoping decided to merge the former 11 major military regions into seven major military regions. Guangzhou Military Region former chief-of-staff Liu Cunzhi [0491 1317 2535] was promoted to military region deputy commander. Li Xilin succeeded him as chief-of-staff of the Guangzhou Military Region, taking part in the direction of the Military Region's headquarters work.

In 1988, Li Xilin was elected to the Seventh NPC. In September 1988, the Chinese Communists revived the military rank system. Li Xilin was made a major general. In 1990, he was again promoted, this time to deputy commander of the Guangzhou Military Region. The 14th CPC Party Congress of October 1992 elected Li Xilin a member of the 14th Central Committee. In 1992, he was promoted to commander of the Guangzhou Military Region.

Jinan Commander Zhang Taiheng

93CM0386D Hong Kong KUANG-CHIAO [WIDE ANGLE] in Chinese No 249, 16 Jun 93 pp 62-64

[Article by Lu Chung-lo: "Jinan Military Region Commander Zhang Taiheng"]

[Text] Seventh Jinan Military Region Commander: Zhang Taiheng

In November 1992, Major General Zhang Taiheng became the seventh commander of the Jinan Military Region.

Jinan Military Region Concurrently Responsible for Military Affairs in Key Towns of Lianyungang and Xuzhou

The Jinan Military Region was established on 1 May 1955. The first enlarged meeting of the CPC Military Affairs

Committee held in December 1954 discussed the division of the country's military regions, deciding to change the existing six major military regions (Northwest, Southwest, East China, South Central, Northeast, and North China military regions) into 12 major military regions (the Shenyang, Beijing, Jinan, Nanjing, Guangzhou, Kunming, Wuhan, Chengdu, Lanzhou, Xinjiang, Tibet, and Inner Mongolia military regions). Except for the Inner Mongolia, Tibet, and Xinjiang military regions whose names remained unchanged, all the other military regions were named after the city in which the headquarters was located. For example, the former Northwest Military Region had its name changed to the Lanzhou Military Region and included the Gansu Provincial Military Region; the former Northeast Military Region became the Shenyang Military Region, the former North China Military Region became the Beijing Military Region and included the Beijing and Tianjin garrison headquarters; the former Southwest Military Region was divided into the Chengdu Military Region and the Kunming Military Region, the Chengdu Military Region included the Sichuan Provincial Military District, the Kunming Military District, and the Yunnan Provincial Military District; the South Central Military Region became the Guangzhou Military Region; the Hubei Provincial Military Region became the Wuhan Military Region and included the Hubei Provincial Military Region; and the East China Military Region was divided into the Nanjing Military Region and the Jinan Military Region. For a long time, some media have mistakenly supposed that when the Jinan Military Region was founded it was responsible only for garrisoning Shandong Province. Actually, this is not correct. According to "Record of Military Activities in New China," (1949-1959), the Jinan Military Region "directs matters pertaining to the defense of Lianyungang and the Xuzhou area north of the new Huai He." Moreover, in the summer of 1985, when the 11 major military regions were merged into seven major military regions, the former Wuhan Military Region was abolished. Its constituent garrison forces in Hubei Province were put under command of the Guangzhou Military Region, and the garrison forces in Henan Province were placed under command of the Jinan Military Region; thus the areas under jurisdiction of the Jinan Military Region expanded.

When the Jinan Military Region was established, the commander was General Yang Dezhi [2799 1779 1807]. Because, he was studying at the Nanjing Military Academy at that time, the person in actual command was the military region's second political commissar, Major General Wang Xinting, who served as acting commander for two and a half years. In October 1957, he graduated from the Academy's operations course and took formal command. He continued in that position until the end of 1973 when the commanders of eight major military regions were moved around. All-in-all, he had been the commander for 16 years. Subsequently, Major General Zeng Siyu [2582 1835 3768] (December 1973-January 1980), Major General Rao Shoukun [7437 1343 0981] (January 1980-June 1985), Major General Li Jiulong (June 1985-May 1990), and Major General

Zhang Wannian (May 1990-October 1992) served as commanders of the Military Region.

Four of the aforementioned six commanders of the Jinan Military Region had begun their careers in the old Red Army during the 10 year civil war period. Li Jiulong and Zhang Wannian are veterans of the old Eight Route Army of the War of Resistance to Japan period.

In September 1945, Zhang Taiheng Joined Local Forces in the Bohai Military District

Although Major General Zhang Taiheng joined the army only one month later than Major General Li Jiulong—the former joining in September 1945 and the latter in August 1945—Chinese Communist documents concerned provide that those who joined the army after 2 September 1945 participated in the revolution during the "War of Liberation," but those who joined the armed before that time participated in the revolution during the period of the War of Resistance to Japan. One might say that it is a matter of their seniority.

Like Zhang Wannian, Zhang Taiheng is also from Shandong Province. Zhang Taiheng was born in Guangrao County in western Shandong. After Japan's surrender, on 20 August 1945 the Bohai Military District forces of the Eighth Route Army in Shandong attacked and occupied Guangrao County. In September, the entire Bohai region was occupied by Communist forces. It was at this time that Zhang Taiheng, who was 14 years old, joined the local units in the Bohai Military District. In October 1945, the main force Seventh Division of the Bohai Military District, and a newly organized division, crossed eastern Hebei on its way to the northeast. In January 1946, the Bohai Military Region organized the new Seventh Division (commanded by Yuan Yelie [5913 0048 3525], who was also commander of the Bohai Military District), with Li Mancun [2621 2581 1806] as political commissary, and the 11th Division (commanded by Xiao Feng [5618 6912]). On 21 January 1947, the CPC Central Committee decided to cancel the Shandong field army and the central China field army military designations. All forces in east China were grouped together to form the East China Field Army. On 3 April 1947 at Xianggong Village in Zhangqiu County, Shandong Province, the Seventh and 11th divisions of the former Bohai Military District were combined to form the 10th Column of the East China Field Army. The 10th Column's commander was Song Shilun [1345 2514 6544]; the political commissary was Jing Xiaolin [2529 2556 2651]; the deputy political commissary was Liu Peishan [0491 1014 0810]; the chief of staff was Zhao Chun [6392 0193], and the head of the political department was Xiao Wangdong [5618 2598 2639]. The column was subordinated to the 28th division (the former Bohai Military District's Seventh Division commanded by Wang Degui [3769 1795 6311], with Wan Rejie [3769 5387 0267] as political commissary) and the 29th division (commanded by Xiao Feng with Li Mancun as political commissary). After this column was organized, Zhang Taiheng became a squad leader and a

platoon leader. He took part with the column in the Taimeng, Laiwu, and Menglianggu campaigns. In September 1947, he advanced with his unit into the Henan-Anhui-Jiangsu area where he took part in battles or campaigns at Shatui, Jinxiang in Yutai County, Liuhe in Lanfeng County, Kaocheng in Heze County, Wanxi, Kaifeng, Suiqi, Jinan, and Huaihai.

During a three year period of civil war between the Kuomintang and the Communists, Zhang Taiheng was twice decorated with a Merit Citation First Class, and four times with a Merit Citation Second Class. In May 1948, he joined the CPC. In March 1949, the 10th Column of the East China Military District became the 28th Army of the PLA (part of the 10th Army Group; of the Third Field Army). The army commander was Zhu Shaoqing [2612 4801 3237]; the political commissar was Cheng Meizao [7115 5019 5679]; the deputy army commander was Xiao Feng, the chief-of-staff was Wu Su [0709 5126], and the head of the political department was Wu Jiamin [0709 0857 3046]. The army consisted of the 82d Division (division commander Zhong Xianwen [6945 6343 2429], with Wang Rejie as political commissar), the 83d Division (commanded by Zhu Yaohua [2612 5069 5478] with Li Mancun as political commissar), and the 84th Division (commanded by Feng Dingsan [7458 7844 0005] with Wang Jingqun [3769 2417 5028] as political commissar). Zhang Taiheng was a platoon leader in the 28th Army and took part in the Chang Jiang crossing campaign, the Shanghai Campaign, the Fuzhou Campaign, and the Zhangxia Campaign. In October of the same year, the 28th Army and part of the 29th army launched the battle of Kinmen. Because of the failure to prepare fully for the sea crossing operation, the commanders' paralysis and underestimation of the enemy, anxiousness to win victory, and lack of understanding of marine operations, the effort failed. Three regiments and four companies totaling 9,086 reached the island in two landings (including 8,736 military personnel and 350 civilian boatmen). More than 5,000 perished and more than 3,000 were taken prisoner. This was the greatest loss that the Chinese Communist forces suffered during the three years of civil war between 1947 and 1949.

Table Showing Successive Commanders of the Jinan Military Region

| Commander | Tenure | Rank |
|--------------------------|-------------------------------|---------------|
| Yang Dezhi | March 1955- December 1973 | General |
| Wang Xinting (Acting) | March 1955- October 1957 | General |
| Zeng Siyu | October 1973- January 1980 | Major General |
| Rao Shoukun | January 1980- June 1985 | Major General |
| Li Jialong | June 1985-May 1990 | Major General |
| Zhang Wannian | oMay 1990- November 1992 | Major General |
| Zhang Taiheng | December 1992- | Major General |

Takes Part in Bandit Suppression in Fujian With 28th Army

Following founding of the PRC in October 1949, Zhang Taiheng took part in the Fujian bandit suppression campaign with the 28th Army. In the spring of 1950, he took part in marine operations training in preparation for another attack on Kinmen. Soon afterward, the Korean War broke out and American forces moved into the Taiwan Strait. Gradually the Chinese Communists gave up the East China Military Region, including the 28th Army's Kinmen operation and the Taiwan campaign. In 1952, East China Military Region forces began a large scale demobilization, demobilizing more than 200,000 men within half a year. Ten divisions were collectively turned into engineering divisions. The 25th Army, which was encamped in Fujian, received orders to disband. This left only the 28th Army, the 31st Army, and a marine division, three artillery divisions, and local armed forces in Fujian. In April 1955, the East China Military Region was redesignated the Nanjing Military Region. Zhang Taiheng served successively in the 28th Army as battalion chief-of-staff, battalion commander, regimental chief-of-staff, and deputy regimental commander.

Enters Nanjing Military Academy for Advanced Studies in 1958

In 1958, Zhang Taiheng entered the basic course of the PLA Military Academy in Nanjing for advanced training. He graduated in 1961. He returned to the 28th Army where he was promoted to regimental commander. Subsequently he served as division chief-of-staff, deputy division commander and concurrently chief-of-staff, division commander, and army chief-of-staff.

In July 1956, the 28th Army was placed under command of the newly established Fuzhou Military Region. It was stationed in Fujian for a long time. During the Cultural Revolution, it was transferred to North China. For a time, it was stationed in Shanxi, and it is stationed in north China today. During the early 1980s, Zhang Taiheng was promoted to army commander.

From the Chengdu Military Region to Commander of the Jinan Military Region

In June 1985, Zhang Taiheng was appointed deputy commander of one of the post-readjustment seven major military regions: the Chengdu Military Region. The commander of the military region, Fu Quanyou [0265 0356 2589], was one year older than Zhang Taiheng and had joined the army one year later than he. He was promoted to command of the Chengdu Military Region from his former position as commander of the First Army. The First Army was one of the main force units of the First Field Army commanded by Peng Dehuai

during the three year civil war period. Transferred to the northwest to fight, it performed numerous military exploits. Following founding of the PRC, it took part in both the Korean War and the Sino-Vietnam War. The Chengdu Military Region's political commissar, Wan Haifeng [8001 3189 1496], was an old Red Army member who joined the army during the 10 years of civil war. After the Chinese Communists reinstituted military ranks in 1988, Zhang Taiheng became a major general.

Lowering of Position for a Time During 1991

In May 1990, some high ranking Chinese Communist military leaders were reshuffled. Fu Quanyou was transferred to command of the Lanzhou Military Region; Wan Haifeng went into retirement; and Zhang Taiheng was promoted to command of the Chengdu Military Region. Gu Shanqing, who had formerly been deputy political commissar of the Guangzhou Military Region when Zhang Taiheng was there, continued as political commissar of the Chengdu Military Region. In September 1991, JIEFANG JUNBAO disclosed that Major General Li Jiulong was appointed commander of the Chengdu Military Region. Subsequently, Zhang Taiheng entered National Defense University for advanced studies. In October 1992, XINHUA RIBAO (the organ

of the Jiangsu Provincial CPC Committee) confirmed in a report about the reception of officers of a foreign military delegation that Zhang Taiheng was transferred to deputy commander of the Nanjing Military Region. After the 14th Party Congress formed a new Central Military Affairs Commission, it conducted a wideranging reshuffling of high level military leaders. After succeeding Zhang Wannian, Zhang Taiheng resumed command of a large military region, becoming commander of the Jinan Military Region. His old partner, Jinan Military Region political commissar Major General Song Qingwei [1345 3237 3562] was a fellow-villager. From Shandong, he also entered the army in the same year. Furthermore, since joining the army in 1945, the two men had been together in the Bohai Military District. Later they served together in a column (the East China Region 10th Column), and were in the same army (the 28th Army of the Third Field Army). They could be said to be close comrades in arms. In November 1987, Song Qingwei succeeded Chi Houtian [6688 3185 3944] as political commissar of the Jinan Military Region.

In October 1992, Zhang Taiheng was not elected a member of the Central Committee. He is a delegate to the Seventh NPC.

Comments on Political-Socioeconomic Disorder

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[Article by Ti Ying (3695 5391) and Yang Ai-li (2799 5337 0196): "Taiwan's Self-Examination"]

[Excerpt] The time was 2200. In the capital city of Taipei, the bright lit six-lane Minchuan East Avenue leading to the Sungshan Airport was still laden with heavy traffic.

At an intersection near a police sub-bureau, bags of trash were piled high, and foul water was trickling on the street.

Passing by the spot, a Japanese businessman shook his head and said: "How can the Taiwan people tolerate such a filthy living environment?"

In Taiwan, which boasts a per-capita GNP of more than \$10,000, streets inundated with trash are more and more common. Despite the green movement to save the earth and the vigorous campaigns and wide publicity on environmental protection, the average trash produced by a person in Taiwan is growing by 9 percent annually. This far exceeds the rates of Japan and Germany, and is heading toward first in the world.

There are no orderly systems and no clearly defined authorities and responsibilities. Frequent protests are staged by the people. In Taiwan, lack of incinerators and landfill sites for trash disposal is not the only headache. Over the past few months, a host of problems have cropped up. They include the increasingly fierce quarrels over dirt disposal, the salinization of tap water, the besieging protest and compensation claims by residents in the Tashe Petrochemical Industry Area, the people's anti-tax movement, the increased murders by firearms, the frequent fires in public buildings, the drying up of rivers, the shortage of water, the controlled electricity supply...and even the re-epidemic of the once-extinct tuberculosis.

"The whole administrative setup has problems," says a minister.

Police keep announcing that they have made record achievements in cracking down on drug trafficking, each case it uncovered surpassing the previous one in scale. The age bracket of drug addicts have continued to come down. The number of heroin addicts has climbed up exponentially, and they have gradually expanded from the bottom stratum of society to business circles. The nightmare on the eve of the Opium War seems to have reappeared.

Shown on TV screens and on major news pages of the press are endless squabbles and fist fights in the parliament.

"The new parliament has become a place of violence," says an observer.

With raging accusation against each other and the trials of strength between different groups supported by their brotherly comrades, many bills are kept in abeyance, and budgets cursorily examined and adopted. The people's expectation for and confidence in democracy are sinking deeper and deeper with each passing day.

In the political arena, smearing each other has become much in vogue. When someone stands out to criticize the rampancy of money politics, others counterattack by dishing up an array of theories to show that the criticism is a conspiracy. While numerous cases of embezzlement have been discovered, some suspect that this is a scene of the new privileged class trying to get rid of the old privileged class.

"This is just like a Cultural Revolution," says a Taiwan University professor. "Disorder and smashing come first. Account settlements and struggles follow in their wake."

The economy is no more prosperous. The yellow and blue alarm lights are on. Output of the manufacturing industry has dropped quickly to below 30 percent of the total production. Only slow progress is made in raising productivity and upgrading industries. Taiwan's dwindling competitiveness has become a common concern among big-, medium-, and small-sized enterprises, which have vied to take steps to save themselves. Some have moved to the mainland; others have simply closed down, and their owners have gone abroad. With large sums of funds flowing to the mainland, banks are without money to lend out.

Following the Formosa Plastics Group, President Enterprise, Weichuan, and Tuntex Group, the "Southern Overlord," Wang Yu-yun, and his family have revealed their decision to invest \$30 million in the mainland. Wang Yu-yun points out Taiwan's unfavorable investment climate, such as high wage level, unhealthy social mores of loving ease and hating work, difficulty in acquiring land, and shortage of electric power supply. The government has no plan to improve the investment climate, but calls on entrepreneurs to keep their roots in Taiwan. This is as impractical as climbing a tree to look for fish, he concludes.

Some academics advocate using the Taiwan experience to prompt the mainland's economic liberalization and peaceful evolution. However, the fact is that Taiwan's economy is more and more dependent on the mainland.

"Mainland China is economically uniting Taiwan into itself," concludes the U.S. magazine BUSINESS WEEK, looking on as an objective spectator.

The media are in an explosive and chaotic state. More and more senior government officials and intellectuals say in a contemptuous tone: "I neither read the newspaper nor watch TV."

Taiwan seems to be unable to adjust its focus. Under the out-of-focus lenses of multifarious media, everything is

blurred. There is no distinction between truth and deception. Important issues are confused with trifling matters. Black cannot be distinguished from white.

With those in the high position using their "innovative ambiguity" and "innovative indistinctness" to deck out state affairs, the people are all at sea. They do not know where to go and whom to identify themselves with. Everyone has become self-assertive, using "innovative ambiguity" to justify what he or she is doing.

One day Liao Hsueh-kuang, head of Hsichih Town, rode his jeep on a newly opened mountain road. Pointing to the stone tables and chairs on the roadside, which had been bought two years ago from Chuanchou, Fukien, he uttered: "Whether there are the three links or not, their products are good and cheap."

"The time has come when no one takes care of local affairs," says Chen Shen-ching, deputy editor-in-chief of MIN-CHUNG JIH-PAO in Kaohsiung. Absence of proper local administration shows more strikingly the central authorities' lack of prowess. Not only are few people abiding by the government's ambiguous mainland policy, but anti-taxation movements, besieging protests, and compensation claims have occurred one after another in various places.

Kaohsiung Mayor Wu Tung-i describes the people's expectations as follows: They want Northern Europe's social welfare but not its high-tax system, Singapore's neatness and cleanliness but not its heavy punishment, and Japan's economic strength but not its hard-working style. Chiang Ping-kun, minister of economic affairs, who once fainted due to fatigue at a Legislative Yuan meeting, also laments over the difficulty in pushing the government's construction work because the people "want water but not reservoirs, electricity but not power plants."

While government officials complain of the people's unlimited wishes and endless demands, the people hold that the bigwigs at the central level "do not know our feeling."

Although, the media, politicians, and academics say that "Taipei is like an isolated island," and that a big gap exists between cities and countryside in values and concepts, in fact there is not much difference between residents in Taipei and other places in their views about identification with the nation, the issue on unification versus independence, and the order of priority of major state affairs.

The real difference exists between the bigwigs' long-range scheme and the pragmatic standpoint of the common people. While the key officials at the central level are focusing on implementing the mainland policy and fulfilling their macro ambition of raising Taiwan's international status, an unequivocal appeal in the people's hearts is "giving priority to internal affairs." They hope that the government will give priority to solving

public order problems, improving the living environment, wiping out embezzlement, and maintaining political stability.

When the minister of economics affairs was busy rushing about for GATT membership, farmers took to the street and staged demonstrations. They feared that agriculture would go bankrupt.

"The country and government exist for the sake of the people. Why do those administrators not heed our opinions?" questions a responsible person of a medium-sized enterprise.

When plutocratic political factions have formed symbiotic bodies with the people's representatives on the basis of mutual interests and when vote-buying is prevailing, a grave doubt has arisen as to whether the people's representatives at the central and local levels alike can really represent the people's will.

"When the president, premier, or governor comes to the countryside, I am afraid he will be enveloped by a small group of local politicians. He will be swamped with requests for subsidies and could not hear the real voice of the people." A social observer made this remark to explain the divergence of thinking between those in high positions and the people.

Actually, there is no wide gap between urban and rural areas, but a wide gap does exist between the central policies and the people's aspirations. One of the reasons is the "patriarchal" mentality as pointed out by President Li Teng-hui. Key central leaders are still following the old practice, believing that they hold high positions and are capable and they should give directions in every respect. They fail to look into the people's problems in an unassuming manner. Most of the central government officials were educated abroad and have a doctoral degree. They parachuted from the sky and went up by helicopters. Few of them have the experience of working at the grassroots. They often mechanically copy and apply foreign methods and ignore the objective reality that in Taiwan data are not available and regulations and rules are inadequate. So most of the policies they formulate do not work satisfactorily.

"Taiwan has first-rate consumption and ambition, second-rate productive ability, third-rate planning and management, fourth-rate discipline, and substandard democracy," says a commentator.

Another reason for the wide gap between the central policies and the people's aspirations is the lack of a clear demarcation between the powers and responsibilities of the central government and those of local governments. Central and local systems are confused with each other.

To this day, the law on provincial and city autonomy has not been passed by the legislature. Only an administrative order has been used as a makeshift for more than 40 years. The result of this is not only the centralization of power and the misallocation of resources, but also the

vanishing of the characteristics that local governments are proud of. Local governments no longer have the pride of identifying themselves with local communities. Instead, they have relied on the central government to fulfill their needs and fostered the mentality of shirking responsibilities.

In the allocation of financial resources, less attention is given to various localities. Irrational restrictions imposed on the grades and pay scales for local public service personnel have further discouraged people from working in the countryside and impeded the exchange of civil officials between the central and local levels. This has also reinforced the barrier between the central and local governments.

In addition to system confusion between the central and local levels, the lack of clearly defined relations between different departments and commissions is another problem that has added to the mess. For example, a single question of waste dirt disposal can involve as many as 10 departments and commissions at both the central and local levels.

The salinization and shortage of water and frequent problems in connection with water sources also mirror the disorganized and chaotic administrative system.

Plans on water sources are taken care of by the Water Sources Committee of the Ministry of Economic Affairs, water conservancy policy by the Department of Water Conservancy, water for industrial use by the Bureau of Industry, water for farming use by the Council of Agriculture, water quality assurance by the Environmental Protection Administration, and water pollution control by the environmental protection bureaus of county and city governments. As for the construction of reservoirs to regulate water supply and demand, the work falls within the jurisdiction of the Water Sources Committee of the Ministry of Economic Affairs if the reservoir is located in northern or southern Taiwan. It is a job of the Bureau of Water Conservancy if the reservoir is in central Taiwan. "Such division of labor is unthinkable," an Executive Yuan aide comments.

As noted by an environmental protection official of a county government in southern Taiwan, because of so many departments in charge, "everyone can have a say, but none takes real responsibility." For instance, the main reason for the salinization of tap water in Kaohsiung is that Kaoping River, the original water source, has been seriously contaminated, and the water works has to use the saline ground water. Kaoping River runs through Kaohsiung and Pingtung counties. Its pollution problem remains unsolved because the people-elected magistrates of these two counties think that the polluters—the hog-raising households—are important voters, and therefore, leave the anti-pollution work in an on-and-off state.

"How can the agricultural-society system be applied to the industrial age?" questions Po Ching-chiu, professor at the Public Administration Department of National Chengchi University.

Based on the theory of systems dynamics, a business administration professor at National Sun Yat-Sen University, Yang Shih-ying, points out that a short-term solution will add to the seriousness of the problem in the long run. New things usually double every seven years. If we fail to check our various systems from time to time, including tangible systems such as transportation, telecommunications, and water and power supplies, and intangibles such as laws, regulations, and rules, our society will not be able to stand the impact due to the growth of new things.

When the president, premier, ministers, scholars, experts, and parliamentarians are proudly aspiring to demonstrate Taiwan's role in the international arena and on China's heartland, people in various localities—victims of the chaotic systems—cannot help but make outcries in the hope that the government will readjust the order of priority of administrative matters. They hope that priority will be given to intra-government rectification, improvement of the people's living environment, and reform of the administrative system.

Says psychology professor Wu Ching-chi: "All of us should think over this question soberly. Taiwan needs to examine itself." [passage omitted]

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